



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

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PQC Code	E01E
Contract Number	US4026579

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	S1	Scope extension audit:	
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Audit Summary
<b>Introduction</b>
<p>This report summarizes the results of the first surveillance audit conducted on Manulife Investment Management Forest Management Inc (MFM)’s SFI program in the Southern Division. The audit was conducted by Mr. Richard Boitnott, Bureau Veritas Certification lead auditor and by Mr. Matt Matwejic audit team member. Mr. Boitnott is an SAF certified forester, a Texas accredited forester, and has wildlife management expertise. He worked for forest industry for 22 years in a variety of forestry and wildlife management positions before beginning his auditing career over 21 years ago. Mr. Matwejic has a degree in forestry, is an Exemplar Global recognized EMS lead auditor, and has worked in forest industry for 20 years.</p>
<b>Audit Scope, Objectives and Process</b>
<p>The scope of the audit is “management of forest lands”. The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. SFIS Objectives 1 through 12, 14, and 15 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.</p>
<b>Audit Plan</b>
<p>The document review was conducted for one day on Tuesday October 4<sup>th</sup>, 2022 by Mr. Boitnott. Mr. Matwejic conducted a field audit of the Silsbee Texas region and West Deridder area the 4<sup>th</sup> through the 6<sup>th</sup>. Mr. Boitnott conducted a field audit of the Nacogdoches Texas region the 5<sup>th</sup> and 6<sup>th</sup>. A closing meeting was held at the end of business on the 6<sup>th</sup>. An audit plan was developed and is maintained on file at Bureau Veritas Certification.</p>
<b>Company Information</b>

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 limited to its Southern Division, consisting of approximately 2.4 million acres of land in 10 southern states, and Michigan, Wisconsin, New York, Maine and Pennsylvania. The Silsbee region, Nacogdoches Region, and West Deridder area were the focus of this surveillance audit. Both regions and the West Deridder area are representative of a typical intensively managed pine plantation landscape found throughout the southeastern U.S. The property consists primarily of loblolly pine uplands, with mixed hardwood streamside management zones (SMZs). Topography is generally gently rolling, although there are some areas that are relatively steep in the northern portion of the ownership, and some are very flat in portions of Louisiana and southeast Texas. Pine stands are regenerated using clearcutting, followed by chemical site preparation and artificial regeneration. The flatwoods in Louisiana and southeast Texas are generally bedded prior to planting. Hardwood stands are regenerated naturally.

### **Multi-Site Requirements**

MFM maintains a multi-site certification consisting of a central office and 12 areas/regions managed out of six offices. Headquarters of the management system is at the Shreveport Louisiana office. The company qualifies for multi-site sampling since the management system is controlled and directed by the Manager of Environmental Certification. The certification manager provides oversight for all SFI procedures. A rigorous internal auditing and monitoring program is in place. Field locations are responsible for developing corrective actions and reporting to the central office. Internal auditing and monitoring results, including corrective actions taken by field locations, are reviewed by upper management during the management review process.

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

<b>Sites</b>	<b>Sites Audited During this Event</b>
Shreveport, LA (central office)	X
Allegheny /Maine (Boston, MA)	
Virginia/SC/NC (Charlotte, NC)	
SE GA / Florida (Charlotte, NC)	
E. AL/W. GA (Harpersville, AL)	
Central, AL (Harpersville, AL)	
South AL/South MS (Harpersville, AL)	
West A/North MS (Harpersville, AL)	
Antlers, OK (Nacogdoches, TX)	
W. LA (Mansfield, LA)	
Nacogdoches, TX	X
Silsbee, TX	X
Lake States (Boston, MA)	

### **Audit Results**

The document review was conducted to determine if MFM’s management system continues to meet the requirements of the SFI 2015-2019 Standard for forest management. The document review also looked at the company’s program to meet multi-site requirements. The field audit consisted of a review of 13 harvest tracts, 11 regeneration/chemical application tracts, one road abandonment project, and four FECV species/habitats.

The audit included an assessment of the certified organization’s plan to transition to the 2022 standard by December 31, 2022. The plan is attached as a separate document.

### Objective 1-Forest Management Planning:

Inventory is stand-level based on tree level data from Lidar. MFM is still using the SIMS growth and yield model in the south and the northeast variant of FVS on the Allegheny and Wisconsin properties. The company uses growth data from a consultant on the Michigan property. A GIS is in place, which includes soil data, FECV and T&E species locations, and unique areas. A harvest schedule is developed when a property is purchased and adjusted annually. Biodiversity at the landscape scale is accomplished through the organization's landscape planning process. Long-term plans are developed for each property. These are updated every 5 years but are currently being reoptimized annually. The expectation is that many long-term plans will be updated annually in the future.

Planned versus actual volume graphs for the Texas and Louisiana properties show actual harvest levels are generally below planned, although there are year-to-year variations. Growth versus drain graphs also indicate the company's harvesting plans have long-term sustainability. While overall inventory moves up and down over time, the long-term plan shows inventory either increases over time, or very slightly decreases, generally due to age class distribution.

MFM has a robust procedure to evaluate the ecological consequences of converting forest cover types. The company converted 349 acres in 2021 for economic reasons. MFM has a procedure to ensure it removes timber from its SFI program that has the potential for conversion to a non-forest use. In 2021 the company converted 15 acres to non-forest use.

### Objective 2-Forest Health and Productivity:

Out of the 32,467 acres regenerated in 2021, 1,555 acres were regenerated more than 2 years after harvest. However, all but 252 were due to replanting. Only 1% were actually more than 2 growing seasons after harvest. Explanations for variations are provided.

MFM does not plant exotic tree species and is not involved in any afforestation.

MFM continues to operate its Best Management Practices for chemical applications. All chemical applications reviewed during the audit demonstrated minimization of chemical use, and the use of site-specific prescriptions. Prescriptions vary based on the presence of yaupon or grass. No drift into off-target areas was observed during the audit. MFM does not use any chemicals on the WHO type 1A and type 1B List, nor any listed as a prohibited chemical under the Stockholm convention.

Soil productivity was well protected, with no adverse impacts to soil observed on any of the sites reviewed during the audit. Foresters have access to soil maps on its GIS, providing them information on susceptibility to erosion or compaction. The typical method of controlling erosion is the use of logging slash and/or water-bars.

### Objective 3-Protection and Maintenance of Water Resources:

All management activities observed during the audit met or exceeded Texas and Louisiana BMPs. The few stream crossings observed during the audit were well cleaned out with material removed. All were on ephemeral drains. Crossings on intermittent or perennial streams are minimized and none were observed during this audit. Stabilization of roads and skid trails was very well done. Contracts contain a requirement for meeting BMPs. Harvest activities are monitored for BMP compliance, with results recorded on a harvest inspection form. MFM continues to do an excellent job of protecting water quality, in general exceeding the BMPs of the states in which it operates.

#### Objective 4-Conservation of Biological Diversity:

MFM continues to operate an excellent wildlife management program. The company is using the NCASI/NatureServe multijurisdictional license to gather information on G1-G5 and S1-S5 species and communities. Company wildlife biologists are responsible for reviewing this information to determine if species other than G1/G2 need management considerations. The company treats many G3 occurrences the same as FECVs. Management plans are developed for the most significant occurrences. Employees are very well aware of FECVs that could occur in their area of operations. MFM continues to do an excellent job of managing T&E species and FECVs to conserve their ecological uniqueness.

Stand-level retention was also evident on all clearcuts reviewed during the audit. The company does a good job of leaving retention on ephemeral drains, which is not required by the Louisiana BMPs. More than ample dispersed retention was also evident outside of SMZs.

A landscape-level biodiversity index is determined for each property. The index is monitored to evaluate the effects of future management activities.

Employees are well aware of the potential non-native invasive species that could occur in their area, most particularly Chinese tallow. The company does not generally use prescribed fire, although it is used to enhance prairies and T&E species sites.

#### Objective 5-Management of Visual Quality and Recreational Benefits:

Procedures are in place to consider visual quality when developing harvest plans. Training has been provided to employees to address visual quality management. All harvest units observed during the audit demonstrated an appropriate level of consideration for visual quality. All were located in very rural areas away from the view of the general public.

Average clearcut size for the southern division for 2021 was 74 acres. Average clearcut size is calculated down to the region or state level, with no area allowed to exceed the 120-acre average. All clearcuts reviewed during the audit demonstrated compliance with the company's green-up requirement.

#### Objective 6-Protection of Special Sites:

MFM has a procedure for identifying special sites. Special sites are mapped and appear on the GIS when planning management activities.

#### Objective 7-Efficient Use of Fiber Resources:

All harvest units observed during the audit demonstrated appropriate utilization.

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

The MFM Social Policy contains a written statement acknowledging the rights of indigenous peoples. MFM is well aware of local tribes that could be impacted by company operations, although there are very few in the eastern U.S. MFM maps tribal lands to determine their proximity to company land. The company has a procedure to respond to inquiries from indigenous peoples.

#### Objective 9-Legal and Regulatory Compliance:

MFM has access to applicable regulatory requirements. Its system to achieve compliance consists of training, pre-activity planning and in-process inspections. No adverse regulatory action information is in evidence. A policy is in place committing to comply with social laws. MFM has received no complaints relative to it or its contractor's performance concerning the ILO core conventions.

**Objective 10-Forestry Research, Science and Technology:**

MFM provides a considerable amount of contribution towards a wide variety of research. MFM is a member of NCASI, which provides substantial contributions toward research. MFM participates in the SICs in the states in which it operates. The company provides access for gathering FIA data. Summaries of BMP compliance data are gathered. MFM's SIC participation includes efforts to provide biodiversity conservation information for family forest landowners. MFM is a member of the Climate Smart Land Network, which along with membership in NCASI provides access to information on the potential impact of climate change on forest and forest productivity and wildlife and wildlife habitat.

**Objective 11-Training and Education:**

Records verified training has occurred as required by the company's own procedures. All logging contractors are required to be trained according to the requirements of the SIC in the state in which the company operates, or according to acceptable standards from SICs in adjoining states. Logging contracts contain a requirement that each logging job have at least one person on each job that is trained. MFM's involvement in SICs includes participation in the development and presentation of logger training courses.

**Objective 12-Community Involvement and Landowner Outreach:**

MFM provided evidence it is a member of the SICs in the states in which it operates. This participation includes support for the development of landowner materials that contain information on the conservation of biological diversity. Its involvement also includes support for each SICs inconsistent practices program. The company has a procedure for handling public inquiries and reports of inconsistent practice. It has received no reports of inconsistent practice. MFM provided ample examples of participation in public education efforts.

**Objective 13: Public Land Management Responsibilities: N/A**

**Objective 14-** A review of the SFI, Inc. website provided evidence MFM submitted the 2021 renewal audit report as required for public review. The company has procedures in place to provide all the pieces of information needed to complete the SFI annual progress report. An e-mail transmission from SFI, Inc. provided evidence the company submitted the 2021 annual progress report prior to the deadline extended by SFI, Inc.

**Objective 15:** MFM has a management review process in place. Procedures are in place to provide the information that is presented to management to evaluate the company's commitment to the SFI Standard. One of the procedures used to evaluate commitments is an internal audit and monitoring program. The results of internal audits and monitoring data are examined at the annual management review meeting.

**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

**Notable Practices:**

No notable practices were issued.

**Logo/label use:**

MFM uses the SFI logo for promotional purposes. Proper approval has been obtained. The company does not use the BVC logo

**SFI reporting:**

A review of the SFI, Inc. website provided evidence MFM submitted the 2021 renewal audit report as required for public review.

**Review of Previous Audit Cycle**

N/A

**Conclusions**

Results of the audit indicate MFM continues to effectively implement an SFI program that meets the requirements of the SFI 2015-2019 Forest Management Standard. The company is recommended for continued certification to the SFI 2015-2019 FM Standard.

**SEE SF61s FOR AUDIT NOTES**

<b>Summary of Audit Findings:</b>									
Audit Date(s):		From: 10/4/2022 HQ 10/4/2022(Silsbee, TX) 10/5/2022(Nac TX)				To: 10/4/2022 (HQ) 10/6/2022 (Silsbee, TX) 10/6/2022 (Nac TX)			
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:									
<b>Team Leader Recommendation:</b>									
Corrective Action Plan(s) Accepted		Yes	No	N/A	X	Date:			
Proceed to/Continue Certification		Yes	X	No	N/A	Date:		10/6/2022	
All NCR's Closed		Yes	No	N/A	X	Date:			
Standard audit conducted against:									
1)	SFIS 2015-2019 FM Standard			3)					
2)				4)					
Team Leader (1):			Team Members (2,3,4...)						
Richard Boitnott; CF, TX AF,			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Management of Forest Lands									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	TBD.								
Audit Report Distribution									
Hancock: Natasha Wise-nlwise@hnrq.com									
Bureau Veritas Certification: Lorisa Love-lorisa.love@us.bureauveritas.com									

Clause	Audit Report
Opening Meeting	Participants: See attached opening meeting list <ul style="list-style-type: none"> <li>➤ Introductions</li> <li>➤ Scope of the audit</li> </ul> Discussions: <ul style="list-style-type: none"> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances - 0.</li> <li>➤ Process approach to auditing and audit sampling</li> <li>➤ Confidentiality agreement</li> <li>➤ Termination of the audit</li> <li>➤ Appeals process</li> <li>➤ Closing meeting timing</li> </ul>
Closing Meeting	Participants: <ul style="list-style-type: none"> <li>➤ See attached closing meeting list</li> <li>➤ Introductions and appreciation for selecting Bureau Veritas Certification.</li> <li>➤ Review of audit process - process approach and sampling.</li> <li>➤ Review of OFIs and System Strengths</li> </ul> Discussions: <ul style="list-style-type: none"> <li>➤ Nonconformances - 0</li> <li>➤ Date for next audit.</li> <li>➤ Reporting protocol and timing</li> </ul>