



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

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PQC Code	E01E
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Certification Audit:		Re-Certification Audit:		Surveillance Audit:	S1	Scope extension audit:	
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**Audit Summary**

**Introduction**

This report summarizes the results of the first surveillance audit conducted on Manulife Investment Management Forest Management Inc (MFM)'s SFI program in the Northwest and Northern Inland Divisions. The audit was conducted by Mr. Richard Boitnott, Bureau Veritas Certification lead auditor. Mr. Boitnott is an SAF certified 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 20 years ago.

**Audit Scope, Objectives and Process**

The scope of the audit is "management of forest lands in California, Oregon, Washington, Idaho, and British Columbia". The audit was conducted against the SFI 2015-2019 FM Standard. 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 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.

**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 1,337,309 acres of land in Oregon, Washington, Idaho, California, and British Columbia.

This audit was conducted in the Western Oregon region out of Medford, Oregon, consisting of properties near Roseburg and Medford Oregon, and McCloud California. The Roseburg property is typical of a northwest coniferous forest; primary species being Douglas-fir and western hemlock, with western red cedar, red alder, Sitka spruce, Noble fir, white fir and grand fir also present. The

Medford property is drier than the coastal areas of Manulife ownership. This area contains more Ponderosa pine than coastal areas, although Douglas Fir is also present. The commercial species on the McCloud California property consists of Ponderosa Pine, Douglas Fir, White Fir, and Sugar Pine, with a minor component of Incense Cedar. Logging systems in Oregon are a combination of ground-based logging and cable skidding depending on slope. California and Medford are more ground-based due to relatively gentler topography. Stands in Oregon are regenerated artificially using herbicide site preparation and planting. Stands are regenerated with Douglas Fir in the Roseburg area, and generally with a combination of Douglas Fir and Ponderosa Pine in Medford. Most harvesting in California is single tree selection, although some even-aged management is practiced within the strict requirements of the California forest practices act. Clearcuts are very small and are generally regenerated with a combination of Douglas Fir and Ponderosa Pine. Clearcut stands are pre-treated with herbicide prior to harvest.

Forest practices acts (FPAs) are in place in Oregon and California. The FPAs prescribes many activities that support the company’s SFI program. Riparian protection is heavily regulated and monitored by state agency forest practices foresters. Wildlife management practices are also regulated in both states. A portion of the McCloud property is in a conservation easement that proscribes a number of forest and wildlife management requirements.

### **Audit Plan**

An opening meeting was held at 8:00 AM on Monday, June 11, 2022, followed by an off-site document review of the company’s central office function. Field sites were visited in the Roseburg area on July 18<sup>th</sup> and 19<sup>th</sup>. Field sites in the McCloud area were visited July 20<sup>th</sup>, and the Medford area was audited July 21<sup>st</sup> and 22<sup>nd</sup>. A closing meeting was held at the close of business on July 22<sup>nd</sup>. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

### **Multi-Site Requirements**

MFM maintains a multi-site certification consisting of a central office and nine regions, some associated with several tree farms. Headquarters of the management system is at the Vancouver Washington office. 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 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.

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>
Vancouver Washington (central office)	X
Nanaimo, BC	
Coeur D’Alene, ID	
Orting, WA (Kapowsin)	
Orting, WA (MFC)	
Cathlamet (Klickitat, Vernonia, Raymond)	
Corvallis, OR	
Medford, OR (Medford, Roseburg, McCloud, CA)	X

La Grande, OR	
Colville, WA	

### **Audit Results**

The document review was conducted to determine if MFM’s system documentation continues to meet the requirements of the SFI 2015-2019 Standard. The central office audit also examined the company’s procedures for meeting multi-site requirements. The field audit consisted of a review of ten harvest sites, seven regeneration sites, all of which have been chemically site prepared, two spring herbaceous applications, and three road construction/ culvert installation projects. Two harvest sites were active at the time of the audit. Contractors were interviewed to determine training requirements, spill and wildfire reporting and response, riparian protection, T&E species protection, and soil impact guidelines.

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:**

MFM continues to operate a robust forest management program. Inventory data is divided by individual properties. Inventory is stand-level, and a growth-and-yield model is in place to grow stands between inventory cruises. The company continues to use a number of variants of FVS as its growth and yield model. Inventory is now live and is conducted using Lidar. Woodstock and Stanley are used for harvest scheduling. Harvest schedules are done when needed but is generally at a biannual basis now. A GIS is in place, with a number of layers needed for planning, including soils, T&E species, FECVs, streams and other water resources, and sensitive sites. A review of non-timber issues consists of consideration of special sites, T&E species, and conservation easement development. Stands can be classified in a number of ways, but a land use code provides a basic land classification system.

Harvest summaries for each property demonstrated MFM is harvesting in accordance with the harvest schedule. Actual versus planned harvest levels were reviewed on a sample of properties covered during this audit. In most instances, actual harvest levels have been below planned, although there is some variation over time. In response to market conditions, there are years when harvest levels are above planned, offset by years when it is below. On average, planned versus actual harvest levels are fairly close. A review of projected future inventory levels shows some variation between time periods due to age class distribution, but over time inventory is fairly constant on all properties reviewed during the audit.

MFM does not generally convert forest cover types in the northwest. However, the company has developed a procedure for the small amount of conversion it may do. The company reported 80 acres in 2021, a conversion from Douglas Fir to Red Alder due to a forest health issue.

#### **Objective 2-Forest Productivity:**

Artificial regeneration is accomplished quickly, well within two growing seasons after harvest. The company reported 3 acres were regenerated beyond two growing seasons out of the approximately 17,866 acres planted in the 2021-2022 planting season. All artificially regenerated stands are reviewed for acceptable stocking. Douglas fir is the preferred species in Oregon, although Ponderosa Pine is often in the mix in Medford and McCloud.

MFM continues to operate a rigorous program to manage herbicide applications. Herbicide prescriptions are well below label maximums. All prescriptions are site specific, applying only the herbicides needed to control vegetation on the site. Aerial applications are very well done, with no drift into off-target areas. Generous spray buffers are applied to anything that could have water. All spray buffers met or exceeded state regulatory requirements.

MFM has a 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 four years, and the use of strychnine is very limited.

Soil productivity was well protected, with no adverse impacts to soils observed on any of the sites reviewed during the audit. All employees and contractors interviewed during the audit were well versed in the company's guidelines to protect soil productivity.

#### 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. Riparian zones were very 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 regulations and MFM procedures, with results recorded on an inspection form.

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

MFM continues to operate an excellent wildlife management program. It has identified threatened and endangered (T&E) species and Forests of Exceptional Conservation Value (FECVs) that could occur on its land. 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 primary T&E species affected by the company's operations in the Pacific northwest are the Northern Spotted Owl, Marbled Murrelet, and anadromous fish species. The company has entered a candidate conservation agreement with assurances (CCAA) for the Pacific Fisher in Oregon. Among other things, it requires the company to retain three trees per acre instead of the two required by the Oregon FPA, and to leave some slash piles unburned. Documentation was provided demonstrating compliance with the tree trees per acre requirement under the Pacific Fisher CCAA.

MFM is involved in a number of conservation easements. One was reviewed in McCloud. The McCloud area went beyond the requirements of the conservation easement to improve riparian habitat along a typed stream. This part of California has very little hardwood in its riparian areas, particularly aspen. The McCloud area worked with Calfire to develop an "in-lieu" plan, which allowed for a deviation from the California Forest Practices Act. This allowed the company to clearcut a portion of the riparian zone to propagate the presence of aspen. A visit to the site confirmed there is an abundance of aspen present in the riparian area. Since the McCloud area initiated this project on its own and had to jump through considerable hoops to make it happen, it warranted the issuance of a notable practice.

MFM has a landscape assessment program in place that assigns a diversity index to each ownership. This index is evaluated during harvest scheduling to ensure diversity is maintained for each property.

Long-term trends in the index are reviewed, with variances of more than 10% analyzed for causes and potential corrective actions.

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 scotch broom, although there are many other invasive species on the west coast.

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. A visual sensitivity layer is included in the GIS. Employees are required to review potential visual impacts if a timber sale overlaps this layer and make adjustments in sale design or take other steps to address the impact. Considerations includes providing buffers along well-traveled roads, limiting the amount of harvest area viewable from public roads, and leaving ample retention to break up the harvest block. No harvest sites reviewed during this audit required any special visual management considerations, as all were well out of view of the general public

Average clearcut size for 2021 was 51 acres for the Pacific Northwest. All harvest sites reviewed during the audit met the company's and state FPA's green-up requirements. Green-up is also monitored by forest practices foresters in Oregon. Green-up is a bit of a moot point in California due to the strict requirements of the California FPA.

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

MFM has a sensitive sites program to protect sites on its property with cultural, historical, or geological uniqueness. These sites are identified on the GIS, which is used during the planning process to determine if any of these sites are located within harvest unit boundaries.

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

Utilization was acceptable on all harvest units observed during the audit. Utilization is monitored, with results recorded on an inspection form.

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

MFM has a statement in its policy to respect the rights of indigenous peoples, and to respond to inquiries. The company has historically done an excellent job of communicating with local indigenous peoples.

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

Primary legal requirements are contained in state FPAs. The system to achieve regulatory compliance consists of pre-activity planning and in-process inspections. The FPA notification process in Oregon and the Timber Harvest Plan (THP) process in California also ensures regulatory compliance. MFM also has a procedure for handling circumstances where a possible non-compliance is identified. A review of publicly available Oregon ODF compliance website indicated MFM has had no regulatory issues in the past year.

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

MFM is a member of NCASI, which provides considerable contribution towards a variety of forestry and wildlife related research. MFM provided ample evidence the company is contributing to research, both directly and through in-kind contributions.

MFM has been a member of the Climate Smart Land Network, which provides data on the potential impact of climate change on forests and forest productivity, and wildlife and wildlife habitat. The company also obtains information on the potential impacts of climate change through NCASI.

#### Objective 11-Training and Education:

Training requirements are identified in the training procedure. However, the company uses a forestry consulting manager on its McCloud property. There are no MFM specific training requirements that address a forestry consulting manager. Since this is currently an isolated incident in the Pacific Northwest, the lead auditor determined a non-conformance was not warranted. However, an opportunity for improvement was issued to encourage the company do develop procedures to address the use of a forestry consulting manager.

Assignment of roles is found in each procedure. Employees interviewed during the audit were aware of their responsibility for implementing the company's SFI program. Training records verified training has occurred as required by the company's procedures.

All logging contractors are required to have at least one person on each job who is considered qualified by the SICs. The two contractors interviewed during the audit provided evidence of logger training. Logging contracts include language requiring contractors to be trained.

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

MFM participates and financially contributes to the SICs in the states/ province in which it operates. The company's involvement includes the establishment of inconsistent practices policies for all SICs within the company's ownership. MFM has a process to receive and respond to any inquiries. No reports of inconsistent practice have been received by the company. The company produced ample evidence of its involvement in public outreach efforts. Some examples have been local involvement with the Coquille and Douglas County watershed boards. Some activities have been put off the past couple of years due to COVID but are slowly being resurrected. The company is also working on setting up a scholarship program for graduating high school kids. MFM remains very engaged in outreach with the public even with the obstacles posed by COVID-19.

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

#### Objective 14-Communications and Public Reporting:

The 2021 renewal audit report contained all the requirements of the standard. The report was found on the SFI, Inc. website as required for public posting. Submission of the SFI annual progress report has been delayed by SFI, Inc. The company has the accounting and GIS capabilities to complete the progress report.

#### Objective 15-Management Review:

MFM has a management review process in place. The review includes an analysis of internal and external audit results, and data gathered from the company's environmental performance program. The company conducts a management review on at least an annual basis as required by the standard.

## **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:**

One opportunity for improvement was issued. This should be considered in light of how it may affect conformance in the future.

1. PM 11.1, Ind. 4: MFM may want to add MFM specified training requirements for consulting managers in the training procedure and providing evidence this training has occurred. The company only has one consulting manager in the northwest, so this is not considered a non-conformance.

### **Notable Practices:**

One notable practice was issued.

1. PM 4.1; Ind 1: The McCloud area of the Western Oregon region initiated a program to improve riparian habitat along a typed stream. This part of California has very little hardwood in its riparian areas, particularly aspen. The McCloud area worked with Calfire to develop an "in-lieu" plan, which allowed for a deviation from the California Forest Practices Act. This allowed the company to clearcut a portion of the riparian zone to propagate the presence of aspen. This portion of McCloud is in a conservation easement but conducting this kind of habitat restoration is not required. The McCloud area initiated this project on its own, and had to conduct considerable reviews with Calfire and other entities, thus warranting the issuance of a notable practice.

### **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 2021 renewal audit report as required for public review.

### **Review of Previous Audit Cycle**

N/A

## **Conclusions**

Results of the audit indicate MFM's Northwest division continues to implement a management system that meets the requirements of the SFI 2015-2019 FM 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: July 11, 2022 (HQ) July 18, 2022 (Roseburg) July 20, 2022 (McCloud) July 21, 2022 (Medford)				To: July 11, 2022 (HQ) July 19, 2022 (Rosburg) July 20, 2022 (McCloud) July 22, 2022 (Medford)			
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:		7/22/2022	
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 in California, Oregon, Washington, 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"> <li>➤ Scope of the audit</li> <li>➤ Audit schedule/plan</li> <li>➤ Nonconformance types – Major / Minor</li> <li>➤ Review of previous nonconformances - 0.</li> </ul> <p>Discussions:</p> <ul style="list-style-type: none"> <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	<p>Participants: See attached list</p> <ul style="list-style-type: none"> <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> <li>➤ Nonconformances - 0</li> <li>➤ Date for next audit.</li> </ul> <p>Discussions:</p> <ul style="list-style-type: none"> <li>➤ Reporting protocol and timing</li> </ul>