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

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PQC Code	E01E
Contract Number	US3287086

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	S3	Scope extension audit:	

Audit Summary

This report summarizes the results of the third surveillance audit on Molpus Woodlands Group, LLC's multi-site SFI program for forest management operations. The audit process was conducted by Mr. Richard Boitnott, Bureau Veritas Certification Lead Auditor 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.

Audit Scope, Objectives and Process

The scope of the audit is "Forest Management". The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. Objectives 1-12, 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.

Audit Plan

The audit began with a one-day field audit of the Jasper, Florida office on March 14th, 2022. Field audits in northeast Texas out of the Bossier City, Louisiana, and the new Woodville, Texas office were conducted for three days April 26th through the 28th. A half-day document review was conducted the morning of the 29th. Field audits were conducted for two-and-a-half-days August 16th through the morning of the 18th in the Coeur D'Alene Idaho office. A review of the plan to meet the 2022 SFI standard by 12/31/2022 was conducted the afternoon of the 18th. A closing meeting was held at the end of the day on August 18th. An audit plan was developed and is on file with Bureau Veritas Certification.

Company Information

Molpus is a timberland investment management organization, managing approximately 1.8 million

acres in Texas, Louisiana, Arkansas, Mississippi, Alabama, Georgia, Virginia, Minnesota, North Carolina, Florida, Tennessee, Michigan, Washington, New York, and Idaho. This surveillance audit was conducted in Georgia, Texas, and Idaho. The properties in the south consist primarily of loblolly pine plantations interspersed with pine/hardwood streamside management zones, although the Georgia property also contains slash pine. Regeneration is accomplished by clearcutting followed by chemical site preparation and planting of loblolly pine. Mechanical site preparation in the form of bedding is used in southeast Georgia due to the flat topography. Topography in Texas is generally rolling, although there are some areas of flat topography.

The Idaho and Washington lands are a coniferous forest, consisting primarily of Douglas Fir, Western Larch, Lodgepole Pine, Ponderosa Pine, Western Red Cedar, along with a number of other minor species. Topography is generally moderate to steep slopes. Logging is accomplished through both cable and ground skidding. Harvests consist primarily of clearcuts, followed by chemical site preparation and artificial regeneration.

Forest practices acts (FPAs) are in place in Washington and Idaho, although the FPA in Washington is much more stringent. The FPAs prescribes many activities that support the company's SFI program in these states. Riparian protection is regulated and monitored by state agency forest practices foresters. Wildlife management practices are also regulated in Washington, with the amount of standing retention and downed woody debris specified by the FPA.

Multi-Site Requirements

The company maintains a multi-site certification consisting now of 13 offices. Headquarters of the management system is located at the company's operational headquarters in Hattiesburg Mississippi. The company qualifies as a multi-site certification since the management system is controlled and directed by the central office. There is one set of global procedures that applies to the entire system, and the SFI manager is the sole person responsible for maintaining the procedures. Individual sites are responsible for conforming to the company's SFI program, and for providing corrective actions to the SFI manager when necessary. The company has a rigorous internal audit process that the lead auditor considers to be quite reliable. At least three sites in addition to the central office function are audited at each audit event (sq. rt. 13 = 3.6 x 0.8 = 2.88 for renewal; x 0.6 = 2.16 for surveillances). The Woodville office was included in this year's audit as it was added last year.

Sites	Sites Audited During this Event
Hattiesburg, Mississippi (central office)	X
Bay Minette Alabama	
Jasper, Alabama	
Houghton Michigan	
Saranac Lake New York	
Bossier City Louisiana	X
International Falls Minnesota	
Deridder, Louisiana	
Coeur d'Alene, Idaho	X
Richmond, Virginia	
Jasper, Florida	X
Hope, AR	
Petal, MS	
Woodville, TX	X

Audit Results

The document review portion of the audit was conducted in-person at the Deridder, Louisiana office. The central office audit was conducted to determine if the company continues to operate and implement a management system that meets the requirements of the SFI 2015-2019 Standard. The company's conformance to multi-site sampling requirements was also reviewed. The field audit consisted of a review three harvest and two regeneration/site preparation tracts in Georgia and eight harvest, six regeneration/site preparation tracts, and one road project in Texas. Seven harvest and seven site preparation/regeneration tracts were reviewed in Idaho/Washington, although a number of the harvest tracts had already been chemically site prepared and planted immediately after harvest. Two of the harvest tracts in Idaho were active at the time of the audit. Contractors were interviewed to determine training requirements and level of understanding of spill and fire response, riparian and soil protection, and the need to retain stand-level structure.

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

Objective 1-Forest Management Planning:
Molpus continues to operate a very robust forest management system. A stand-level inventory system is in place, although some areas have portions that are still strata level, although the goal is to transition these to all stand-level at some point. The company uses a proprietary growth and yield model to grow each stand between events, although it is using FVS on the Idaho and New York properties, and the Lake States variant of FVS is built into the model on the Michigan and Minnesota properties. Lands are classed by timber type and special codes. The NRCS web soil survey provides soil data. The company's landscape assessment program constitutes its examination of biodiversity at landscape scales. Molpus uses Woodstock as its harvest scheduler.

Molpus is using under-the-canopy drone technology to conduct timber cruises. This is one more example of Molpus being out front of other companies when it comes to implementing innovative technology.

Year-end inventories demonstrate sustainable harvest levels that are in line with the harvest plan. Year-end inventory actuals and future projections show average volume per acre changes over time, but over the long term demonstrates sustainability. Inventory per acre across each property is either relatively flat or increasing. A cut-out analysis has been conducted to review the veracity of its growth and yield models. Cut-out over the past five years has been within 4.4%, verifying the growth and yield models are fairly accurate at predicting future timber volume.

The company has a procedure for considering the ecological consequences of converting one forest type to another. Species conversion is not common. Only 230 acres were converted in 2021.

Objective 2-Forest Health and Productivity:
Regeneration is normally accomplished within two growing seasons. Molpus has a query in its GIS that tracks the period of time between the end of harvest and regeneration. Tracts that are regenerated past two years have an explanation of the reason for the delay. Only 446 acres out of 20,975 planted during the 2021 season exceeded 2 growing seasons. This is most likely due to wet weather conditions, as most of the sites are in the wetter regions of the company's management.

Chemical applications demonstrated minimization of herbicide use and use of the narrowest spectrum of herbicides. Rates are well below label maximums, and prescriptions vary based on site characteristics. No drift into off-target areas was observed. Molpus continues to monitor its chemical

applications and make changes to its program. The company continues to move towards more ground-based applications where it is feasible to reduce the risk of off-target aerial applications. Only one aerial application was observed in Texas. All other applications in Texas, Georgia and Idaho/Washington were done using ground or hand applications.

No WHO type 1A or 1B are used, nor are any pesticides banned by the Stockholm Convention.

Soils are mapped and included in the GIS. All harvest sites observed during the audit demonstrated protection of soil productivity. Sites in Georgia are very flat, offering very little risk of erosion. Harvest sites are susceptible to rutting, but bedding ameliorates any impacts to soil productivity. There is more of a potential for erosion in Texas, but all harvest sites reviewed during the audit demonstrated minimal soil compaction. The company used a combination of water bars and logging slash to control erosion on skid trails. Compaction on ground-skidded units is closely monitored on the Idaho/Washington properties. Sites vulnerable to excessive erosion are generally cable skidded.

The company monitors its forest for damaging agents. The most significant potential impact is in Idaho and Washington with the potential for wildfire. The company works closely with state agencies to monitor and suppress any wildfires and has been actively engaged when fire does occur on its landbase.

Objective 3-Protection and Maintenance of Water Resources:
Compliance with state BMPs and FPAs was observed on all harvest sites in the regions covered by this audit. Stream crossings are minimized in the south, but, when necessary, were cleaned out and stabilized. Stream crossings are not common in Idaho and Washington. One temporary crossing was observed on a non-fish perineal stream in Washington. It was remediated after use. Stabilization of roads and skid trails was well done, utilizing logging slash and the installation of water bars in the south. The typical method of stabilizing skid trails in the west is the installation of water bars.

Objective 4-Conservation of Biological Diversity:
Stand-level habitat elements were in evidence on clearcuts observed during the audit. In fact, Molpus does an excellent job of retaining stand-level structures in Idaho and Washington. It's stand-level retention exceeded the Washington FPA requirement. In both states the company retains a considerable amount of advanced natural regeneration, particularly of western red cedar. The result is a "fuzzy" clearcut that provides excellent shade cover for wildlife and has the added benefit of providing future value from the growth of cedar. Molpus also plants a mix of species on its clearcuts, typically Douglas Fir and Western Larch, although Ponderosa Pine is included on drier sites. This is contrary to much of the management that takes place in this region of the country, where the common practice it to clearcut everything and plant Western Larch. The company was issued a notable practice for its efforts.

Molpus 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. Species occurrences are mapped in the GIS and are identified on harvest maps during the planning process. Ecologically unique sites have been identified and mapped in the GIS.

Molpus consider species other than G1 or G2 for protection. The company also reviews state wildlife action plans to determine potential species of concern to be addressed by its management activities. The company has developed a procedure for determining which G3 species it will consider for management actions. The permitting process in Washington also includes a review by the state Department of Conservation. This review considers species of state concern, which also

goes beyond G1/G2.

Molpus has developed a landscape classification system consisting of a combination of stand type and age. The company is well aware of regional conservation planning efforts. It has cooperated with The Nature Conservancy on a number of conservation efforts, and is involved in conservation easements in New York, Minnesota, and Idaho.

All employees were well aware of the potential invasive species that could occur within their area of operations. The most prevalent are Chinese Tallow in Texas, and spotted knapweed and tansy ragwort in Idaho and Washington, although there is a plethora of other invasive species in the west.

Objective 5-Management of Visual Quality and Recreational Benefits:
Average clearcut size in 2021 was 73 acres. All regions are held to an average of 120 acres. The company has an aesthetic management program. Tracts observed during the audit were located out of view of the general public. No violation of the company's green-up policy or the Washington FPA green-up requirement was observed during the audit.

Objective 6-Protection of Special Sites:
Molpus has a special sites program to protect sites on its property with cultural, geological, or historical 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:
All harvest sites observed during the audit demonstrated appropriate utilization.

Objective 8: Recognize and Respect Indigenous People's Rights:
Molpus has included language in its policy statement to respect the rights of indigenous peoples. The company has a procedure in place to respond to inquiries from indigenous peoples. The company has done a good job of researching tribes that could exist within its area of operations and analyzed potential areas of interaction.

Objective 9-Legal and Regulatory Compliance:
The company has access to applicable laws and regulations through web links on its company server. Its program to ensure regulatory compliance consists of having contracts in place requiring regulatory compliance and conducting pre-harvest planning and inspection processes. All management activities observed during the audit were in compliance with regulatory requirements. No adverse regulatory action information is in evidence.

Objective 10-Forestry Research, Science and Technology:
Observed evidence of Molpus' participation in a variety of research efforts. The company is a member of NCASI, which provides a wealth of information on forestry-related research and provides additional proof of Molpus' contribution towards research. The company is also a member of several tree improvement coops.

The company's participation in SICs includes the development of biodiversity conservation information for family forest landowners. The company also has access to BMP assessments conducted by the states. Molpus demonstrated it has access to information on the potential impacts of climate change on forest productivity and wildlife habitat.

Objective 11-Training and Education:
Employee training requirements are specified. Observed evidence Molpus employees have received appropriate training as required by its own procedures. The company conducts a considerable amount

of training, wasting no time in training new employees, of which it has had several the past few years. Molpus requires all harvesting contractors to be qualified according to the requirements of the SICs. The logging contract contains language requiring all loggers to have at least one person on each job that is considered a qualified logger. The company is a member of the SIC in all the states in which it operates, which includes participation in the development and delivery of logger training.

Objective 12-Community Involvement and Landowner Outreach:
Molpus is a member of the SICs in each state in which it operates. Molpus' support for the SICs includes the development and distribution of landowner materials that contain information on the conservation of biological diversity. The company is involved in a number of educational opportunities, particularly by providing sponsorships and scholarships to college students, along with many other areas of outreach involvement.

Objective 13: Public Land Management Responsibilities: N/A-Molpus does not have public land management responsibilities.

Objective 14-Communications and Public Reporting:
The company had posted its 2021 surveillance audit report on the SFI, Inc. website as required for public review. Submission of the 2021 SFI annual progress has been delayed by SFI, Inc. until the last of August.

Objective 15-Management Review:
Molpus has a management review process in place. Management review minutes verified the meeting is held annually as required by the SFI Standard. The company has a robust internal auditing and monitoring program that is part of its system for gathering and submitting data to evaluate its commitment to the SFI Standard. Any non-conformances identified are evaluated and corrected. Opportunities for improvement are acted upon as rigorously as non-conformances. The company continues to look for ways to improve its environmental performance.

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.

Notable Practices:
Two notable practices were issued.

1. PM 1.1 Ind. 3: Molpus is using drone technology to conduct cruising by Treeswift. The cruise is under the canopy. Check cruising has proven the system works. This is just one more example of how Molpus is using cutting edge technology and is out in front of much of the rest of the industry.

2. PM 4.1, Ind. 2: The Coeur D'Alene office does an excellent job of providing more than ample stand-level retention on its clearcuts. The region retains a considerable amount of advanced natural regeneration, particularly of western red cedar, which provides a "fuzzy" look to its clearcuts. This provides for shade and escape habitat for wildlife. This practice is contrary to

other management regimes in this region of the country, where it is more common to conduct more traditional clearcuts.

Logo/label use:
Molpus is using the SFI logo on load tickets in Minnesota and New York. Label use is with approval from SFI. The company is not using the BVC logo.

SFI reporting:
The 2021 surveillance audit report was located on the SFI, Inc. website as required for public reporting.

Review of Previous Audit Cycle
N/A

Conclusions

Results of the audit indicate Molpus continues to operate and implement an effective SFI program. The company is recommended for continued certification to the SFI 2015-2019 Standard.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:												
Audit Date(s):	From: 3/14/2022 (Jasper, FL) 4/26/2022 (Texas) 4/29/2022 (HQ) 8/16/2022 (CDA)				To: 3/14/2022 (Jasper, FL) 4/28/2022 (Texas) 4/29/2022 (HQ) 8/18/2022 (CDA)							
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:	8/18/2022			
All NCR's Closed		Yes		No		N/A	X	Date:				
Standard audit conducted against:												
1)	SFIS 2015-2019 FM Edition	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)												
Forest Management												
Accreditation's	ANAB											
Number of Certificates	1											
Proposed Date for Next Audit Event												
Date	TBD											
Audit Report Distribution												
Molpus: Ruth Cook-rcook@molpus.com												
Bureau Veritas Certification: Lorisa Love-lorisa.love@us.bureauveritas.com												

Clause	Audit Report
Opening Meeting	Participants: Ruth Cook, Tom Tomlinson, Will Ficklen, Bill Lakel Discussions: ➢ 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	Participants: Ruth Cook, Chad McElvany, Ellen Sanford, Earl Law, Dylan Hodgson, Chad McEwan, Bill Lakel Discussions: 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