



Audit Summary for Public Disclosure Sustainable Forestry Initiative® Standard

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Executive Summary

This report summarizes the results of the surveillance audit and scope extension conducted on Rayonier Forest Resources, L.P. – Eastern Forest Resources SFI program. Richard Boitnott and Rick Larkin conducted the surveillance audit of the Florida region and scope extension of the Texas/Oklahoma properties 10/29/2007 through 10/31/2007. Richard Boitnott conducted the scope extension of the New York property 11/13/2007 through 11/14/2007. Richard Boitnott served as Lead Auditor throughout the audit process.

No non-conformances were issued during the audit. One opportunity for improvement and five notable practices were issued.

With this report, the two SFI audit objectives were attained. Since no non-conformances were issued against Rayonier Forest Resources, L.P.'s SFI program, the lead auditor recommended continued certification to the SFIS 2005-2009 edition, with inclusion of the Texas/Oklahoma and New York properties in Rayonier's certificate.

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Audit Scope Summary

Contract Number: HQ 12933

**Audit Team: Richard Boitnott (Lead Auditor)
Rick Larkin**

Country: U.S.

**States: Florida (Florida region)
Texas
Oklahoma
New York**

**Total Land Base: Florida: 476,281
Texas: 89,760
Oklahoma: 29,616
New York: 75,133**

Facilities: None

**Audit Dates: Oct. 29-31, 2007 (Florida, Texas/Oklahoma)
Nov. 13-14, 2007 (New York)**

Audit Recommendation: Certification to the SFIS 2005-2009

**Date of Completion of
Corrective Actions: N/A**

Duration of Certificate: Five (5) years



SECTION 1.0

AUDIT BACKGROUND

This report summarizes the results of the surveillance audit and scope extension conducted on Rayonier Forest Resources, L.P. – Eastern Forest Resources SFI program. Richard Boitnott and Rick Larkin conducted the surveillance audit of the Florida region and scope extension of the Texas/Oklahoma properties 10/29/2007 through 10/31/2007. Richard Boitnott conducted the scope extension of the New York property 11/13/2007 through 11/14/2007. Richard Boitnott served as Lead Auditor throughout the audit process.

The audit was conducted against the SFIS 2005-2009 standard. SFI Objectives 1, 3, 4, 7, and 13; and Performance Measures 2.3, 5.1 (Ind. 2), 5.3 (Ind. 3), 9.1, 10.1, 11.1, 12.2 and 12.6 applicable to a land management operation were reviewed during this audit. Specifically, two objectives of the SFI audit were to:

1. *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*
2. *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.

Prior to this audit, Rayonier EFR conducted land management operations in three regions; Alabama, Georgia, and Florida. The three regions were on a continuous surveillance cycle, with all three regions and all applicable SFI Objectives audited within a 5 year period. Rayonier is on an 18 month surveillance audit cycle.

Rayonier EFR recently purchased additional land in Texas, Oklahoma and New York. This audit was a combined surveillance audit of the Florida region, and a scope extension of the Texas/Oklahoma and New York properties. The Texas and Oklahoma properties are managed by two different consulting firms; one with an office in Huntsville Texas, and the other in Lufkin Texas. The New York property is managed by a consulting firm with an office in Tupper Lake New York.

The October 29-31 audit began with separate opening meetings in the Fernandina Beach Florida and Huntsville Texas offices. The New York audit began with an opening meeting on November 13 in the Tupper Lake New York office. The objectives of the audit were outlined and the audit process for collecting evidence and making audit findings was explained. Findings of non-conformance and opportunities for improvement were also explained. The audit plan was discussed and agreed to, and time



and date of the closing meeting was confirmed. There was no substitution or modifications of SFI indicators. A review of Bureau Veritas Certification logo use indicated Rayonier is not using the logo on any products or promotional material.

During October 29-31, Mr. Boitnott's audit consisted of a review of system documentation with Rayonier's SFI manager, brought to the Huntsville Texas office from Rayonier's headquarters in Fernandina Beach. Following the document review, Mr. Boitnott reviewed field sites managed by both consulting firms. In addition to the indicators included in the audit plan, Mr. Boitnott also observed other field-level indicators, such as green-up requirements and aesthetic considerations, to ensure management of the new properties is being done in conformance with Rayonier's policies and procedures. Mr. Larkin's audit consisted of a review of field sites in the Florida region.

The New York audit conducted November 13-14 began with a review of documentation applicable to the consulting firm's management of the property, followed by a field review of four harvesting sites. Rayonier's property in New York is managed through partial harvests. Almost no clearcutting is conducted, and no chemicals have been used since acquisition of the property. Partial harvests are used to either improve stand condition and health, or provide for growth of high quality hardwood sawtimber. All of the property is under one of three conservation easements. These easements allow Rayonier to capture the development value of this property, while retaining the right to conduct forest management. The most recent easement, the largest of the three, contains provisions for wide stream buffers, retention of existing hunting leases, and controlled access for the public outside of hunting season.

Closing meetings were held at the end of each audit. The opportunity for improvement and notable practices were reviewed, and audit confidentiality ensured. Since no non-conformances were issued throughout the audit process, the lead auditor made a recommendation for continued certification to the SFIS 2005-2009 edition, with inclusion of the Texas/Oklahoma and New York properties in Rayonier's certificate.



SECTION 2.0

AUDIT RESULTS

2.1 General Findings

Results of the audit indicated Rayonier is continuing to implement an effective SFI program in the way it conducts its land management activities. Rayonier has done an excellent job of incorporating its SFI program into the work conducted by consultants managing the newly acquired properties.

2.2 Non-conformances Issued

There were no non-conformances issued during the audit.

2.3 Opportunities for Improvement

One opportunity for improvement was identified. The opportunity for improvement should be considered in light of how it may affect conformance during future audits.

1. PM 10.1 Ind. 3: Review training program requirements to ensure newly acquired business units receive appropriate training in a timely manner.

2.4 Notable Practices

In addition, five notable practices were observed. These represented SFI program strengths Bureau Veritas Certification found to be exemplary practices.

1. PM 4.1 Ind. 4: Observed excellent efforts at retention of stand-level wildlife habitat elements. Efforts included retention of wetland areas, snags, and single-tree and clumped live hardwoods.
2. PM 13.2 Ind. 2: Internal audit system developed by Rayonier is an excellent method of evaluating SFI performance and finding areas for improvement.
3. PM 1.1 Ind. 1: Development of a conservation easement has allowed Rayonier to capture the development value of the property while ensuring perpetual use of the property for forest management.
4. PM 3.2 Ind. 1: Observed excellent establishment of SMZs along any water course or wetland area that could impact water quality.
5. PM 12.2 Ind. 3: The recently developed conservation easement opens the property for controlled public recreation, while preserving existing hunting leases. Development of the public recreation



plan was done in consultation with the hunting lessees, ensuring cooperative use of the property between hunters and the general public

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SECTION 3.0

CONCLUSION

With this report, the two SFI audit objectives were attained. The findings and conclusions of this surveillance audit are the results of a constructive and cooperative effort between Rayonier Forest Resources, L.P.-Eastern Forest Resources and Bureau Veritas Certification

Since no non-conformances were issued throughout the audit process, the lead auditor made a recommendation for continued certification to the SFIS 2005-2009 edition, with inclusion of the Texas/Oklahoma and New York properties in Rayonier's certificate.