

GLOBAL SUSTAINABILITY REPORT

2017

RMS
Resource Management Service, LLC

Creating Forest Value Since 1950

RMS managed forestland in Tasmania is a mix of plantations and natural area preserves

COVER PHOTOGRAPH
Forested wetlands near Juniper Creek, North Carolina. One of approximately 180 RMS Special Sites, the Juniper Creek wetlands protect water quality and contribute to wildlife and habitat diversity

A message from the Senior Vice President, Forest Sustainability



On my first day with RMS, then CEO Bruno Fritschi told me “take care of our investors and everything else will take care of itself.” In the years since, Bruno’s words still ring true. We at RMS have a clear understanding of our fiduciary responsibility to every investor, and we recognize that return on investment is our primary metric of focus. We believe a strong commitment to Environmental, Social, and Governance (ESG) performance is a core part of our responsibility because it is critical to our mission of delivering superior risk-adjusted performance for our investors.

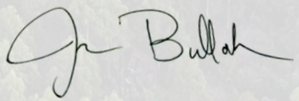
Since our inception, RMS has been guided by a strong stewardship ethic. As we have evolved into the forest investment manager we are today, this ethic has helped define for investors, customers, regulators, and the public at large who we are and what we believe. Today, RMS is, by design and intent, a leader in the ESG arena because we understand excellence in ESG performance greatly reduces the risk profiles of the forest investments we manage. We also understand strong ESG performance strengthens our ability to innovate and to lead positive change. These are just some of the reasons RMS was among the first companies in our sector to have a leadership position dedicated solely to ESG management and oversight.

All forest investments under our management are third-party certified to a credible and highly respected sustainable forest management standard. We also give back to our profession and to the communities in which we live and work. By ensuring RMS is recognized for having organizational values that align with those of our various stakeholders. We also do it by striving to be thought leaders on sustainable forestry issues — a role our owners and the members of our leadership team view as an organizational mandate as well as a professional responsibility. This annual global sustainability report, our first, is meant to help increase the transparency of our ESG efforts and to outline our performance from the previous year.

I consider myself fortunate to have the opportunity every day to advance RMS’ commitment to ESG, and to be part of an organization that is increasing ESG consciousness within the forest investment sector. We know strong ESG performance supports our fiduciary objectives, because, to the degree that we are recognized as a responsible and engaged corporate citizen, we are better able to reduce and manage investment risk for our investors. We are also better positioned to capitalize on new investment opportunities on their behalf — opportunities that may arise out of our efforts to support global sustainability through the use of responsible investment practices.

Thank you for taking the time to read this report. I pledge that RMS’ ESG commitment is strong and that our ESG performance will continue to reflect our focus on being responsible stewards of the forest assets that have been entrusted to us by our investors.

Sincerely,



Jimmy Bullock

The 2017 RMS Global Sustainability Report is comprised of the Global Report, which is accompanied by country-specific supplements. This report describes our organization's overarching Environmental, Social, and Governance efforts. The country-level supplements include metrics and additional details on our specific ESG efforts within each operating region.

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A stream runs through RMS managed forestland in Arkansas

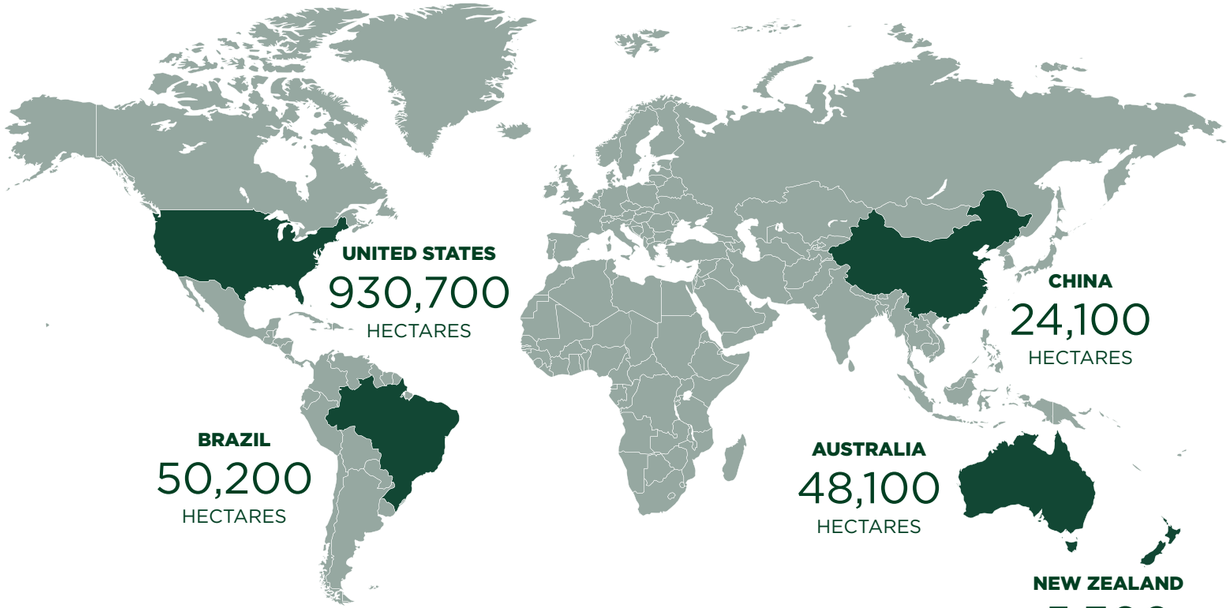
OUR COMMITMENT

Throughout our company's history, RMS has consistently demonstrated a strong commitment to long-term stewardship of forest resources. We seek to advance the sustainable management of our investors' forests while promoting the health of the communities in which we operate around the world. We define sustainability as managing land to produce economic benefits while supporting and enhancing its environmental and social values. Our ultimate goal is to meet the current needs of society for forest-based products, services, and intangible values through the responsible management of forests in our charge — and to do so with a long-term perspective that ensures the ability of future generations to be sustained and to benefit from the world's forest resources.

Forest investments are inherently long-term ventures and sustainable management is fundamental to maximizing value. Attention to sustainability in all of its forms — economic, social, and environmental — enables RMS to maintain viable and productive forest investments. We define stewardship as an awareness of our obligations to our investment partners, community stakeholders, and the natural environment. Our actions to maintain and improve sustainability are guided by our Environmental, Social, and Governance (ESG) principles and related policies.

RMS MANAGED FORESTLAND

Area as of December 2017





Our Alignment with United Nations Sustainable Development Goals

RMS managed forests contribute to the United Nations' Sustainable Development Goals in a variety of ways. Throughout this report, our activities, policies, and vision have been mapped to these goals — and specifically to the UN's 2030 agenda for sustainable development. Through sustainable management of our forests and positive contributions in surrounding communities, we believe RMS is addressing critical issues faced by people and the planet by doing our part to ensure prosperity and peace. As a forest investment manager, RMS makes its strongest contributions in the environmental space. For over 67 years, RMS has managed our investors' forests primarily for timber production, but we believe that successful management must also entail conservation of soil, air and water quality, as well as biological diversity. Our land stewardship ethic is evident in every phase of our timberland investment process.

The Role of Certification

Third-party certification plays an important role in the implementation of sustainable forestry practices. It provides regular feedback mechanisms that enable RMS to evaluate the impact of our forest management activities on important ecological and social resources, such as soil, water, wildlife and fish habitat, and landscape biodiversity. Certification also provides independent verification of our commitment to the environment and local communities. We believe that maintaining our certification status is essential for preserving our social license to operate. Third-party certification also supports economic sustainability by facilitating productive partnerships with wood products producers, and by providing assurances to end-use consumers of the sustainability of paper, building materials, and other wood products produced under responsible forest management regimes.



All forestland managed by RMS worldwide is certified to a credible third-party forest certification program.

Through strategic silvicultural and harvesting activities, we create lasting economic value for our investors and the communities in which we operate. We recognize that these activities have the potential to produce negative impacts. To reduce this risk, RMS leverages frameworks provided by credible third-party certification programs such as the Sustainable Forestry Initiative (SFI), the Forest Stewardship Council® (FSC®), and the Programme for the Endorsement of Forest Certification Schemes (PEFC). Third-party certification provides added guidance and feedback around local laws and regulations, promotes training at all levels of the organization, and facilitates partnerships for sharing best practices.

SUSTAINABLE FORESTRY INITIATIVE SFI-00029

PEFC PEFC/12-33 Promoting Sustainable Forest Management www.pefc.org

Responsible Wood RW/1-21-30

FSC www.fsc.org FSC® C132196 The mark of responsible forestry

In 2017, RMS accomplished its goal of bringing all of the forestland it manages under third-party certification. This was accomplished with the certification of approximately one million hectares, including 5,255 newly certified hectares in New Zealand. These forest assets are managed under the standards of the New Zealand Forest Certification Association certification program, a PEFC national governing body. An additional 6,797 hectares in Brazil underwent successful audit in 2017. This audit was conducted in accordance with the Forest Stewardship Council's® (FSC®) national standards for Brazil.[1]

[1]Third-party audit completed by Bureau Veritas in 2017, with official certification and enrollment in RMS do Brazil's FSC® Group Certificate in January 2018

RMS is a leader in advancing forest certification worldwide. We are an active participant in the PEFC forest management certification framework revision process which governs all PEFC endorsed standards worldwide. In addition, RMS' CEO, Craig Blair, completed his second term in 2017 as chair of the Sustainable Forestry Initiative's (SFI) Board of Directors. Under Craig's leadership, SFI has greatly expanded its delivery of conservation research and community education programs, culminating in the integration of the award winning Project Learning Tree (PLT) environmental education program into SFI. Since 1976, PLT has used trees and forests as a lens through which educators can increase students' understanding of the environment and help them identify actions they can take to promote conservation. The PLT program is comprised of three key components; high quality instructional materials for grades Pre-K through 12; educator professional development; and an extensive support network.[2]

RMS values its involvement in third-party certification immensely. We see our associations with the leading certification entities as a way of measuring our progress towards our ESG goals. We also see them as a critical part of our effort to continuously improve our stewardship of the forest resources under our management.

Continual Improvement through Research

17 PARTNERSHIPS FOR THE GOALS

Engaging in research is a foundation of our sustainability strategy. RMS is committed to continual improvement and the implementation of best practices identified through forestry-related research efforts. RMS partners with a variety of academic institutions and non-profit research cooperative groups. This provides us with an opportunity to test advanced technologies and forest management techniques while leveraging internal research dollars with outside expertise and funding. Key areas of focus for internal and external research include the impact of fertilization and other forest management techniques, forest productivity improvements, and climate adaptation. RMS maintains robust internal mechanisms for technology transfer to ensure timely implementation of research findings, as well as the establishment of best practices across the organization.

Assessing the Long-Term Fate of Nitrogen Fertilizer

Since 1995, RMS has been a member of the Forest Productivity Cooperative (FPC). FPC is an international partnership committed to creating innovative solutions that enhance forest productivity and value through sustainable management. The partnership is led by researchers from leading forestry institutions, including North Carolina State University, Virginia Polytechnic Institute and State University (Virginia Tech), Universidad de Concepción in Argentina, and the Universidade Federal de Santa Catarina in Brazil. Members of the cooperative, which includes forest industry partners from the U.S. and Latin America, currently own or operate more than 10 million hectares of forestland.[3]

Beginning in 2016, RMS participated as a member of the FPC in research to examine the bioavailability of nitrogen fertilizer remaining in forest soils five years after application. This research seeks to identify where fertilizer ends up in the ecosystem. It has important implications for uncovering opportunities to improve application timing so that targeted crop trees receive the full benefit of fertilizer operations. This is meant to help ensure that funds expended on fertilizer produce the desired productivity gains without also producing negative environmental impacts.

14 LIFE BELOW WATER 15 LIFE ON LAND

[2]https://www.plt.org/about-us/
[3]http://forestproductivitycoop.net/about-fpc/

ENVIRONMENT

The strategic objective of our forest operations is to maximize value through the sustainable management of forest resources. When making decisions to implement forest management techniques or to undertake particular activities, we weigh productivity gains against cost, and evaluate the potential for positive or negative environmental impacts. RMS considers the environmental benefits and risks of harvesting and silvicultural activities on key ecological attributes such as water, biodiversity, and at-risk species. Sustainably managed working forests are critical for providing society with the forest-based building, paper, packaging, and other products that we use every day in our homes, schools, and offices. They are also critical to our ability to make use of other resources produced by forest ecosystems, including clean water, fresh air, open space, wildlife habitat, and biodiversity.

2017 Harvesting and Silvicultural Activities

2017 ACTIVITY SUMMARY				
	UNITED STATES	BRAZIL	NEW ZEALAND	AUSTRALIA
Harvest Area (hectares)				
Final Harvest	34,800	1,500	151	1733
Intermediate Harvest[1]	33,300	870	0	0
Reforestation				
Number of Trees Planted[2]	47,364,000	2,379,000	267,000	3,200,000

[1]Intermediate harvests include thinning and selection harvest methods where only a portion of trees in a given stand are removed during the harvest operations and others are left to continue growing
[2]Number of tree seedlings planted throughout the 2017 calendar year. May be estimated based on standard planting density by geographic region

Ecosystem Services

Forest ecosystems produce many benefits for society including fresh air and clean water. They also support biodiversity by providing a mosaic of habitats for plants and animals. Forest ecosystems absorb carbon dioxide from the atmosphere, helping to address the challenge of increasing concentrations of greenhouse gases. Forest biomass energy sources can contribute to low-carbon electricity generation. Collectively, these benefits are characterized as ecosystem services. RMS is committed to protecting these resources through responsible forest management practices. In addition, we track the development of markets that offer our investors opportunities to monetize the environmental values that are present on their properties and develop strategies that help them do so. We believe the ongoing evolution of ecosystem service markets will support the ability of forest managers to continue to provide ecosystem service benefits to society through active forest management.

The following sections describe our work to support key ecosystem services produced by sustainably managed forest systems, such as water resources, carbon, and biodiversity.



WATER

Forests play a critical role in providing society with abundant clean water. Forests filter sediments and nutrients from water runoff before it enters streams, lakes, and other water bodies. RMS protects water resources through the implementation of best management practices. We also require and provide regular and comprehensive training for our foresters, contractors, and loggers on issues related to water quality protection.

Within managed forests, a small number of management activities have particular potential for producing negative impacts on water quality. These include forest road building and maintenance, and the application of forest chemicals, such as fertilizers and herbicides. When conducting these activities, RMS' foresters employ a robust assessment process to ensure that we anticipate, plan for, and address the associated risks. Our foresters use a variety of tools to mitigate the potential water quality impacts of these management activities. These efforts include delineating streamside management zones (SMZs), establishing natural forest and wetland reserves, using precision techniques for the application of forest chemicals, and adhering to best management practices for road maintenance projects.

SMZs and reserves are powerful tools for protecting water quality. They provide protective buffers between watercourses and actively managed timber stands during the application of forest chemicals. SMZs and reserves also filter groundwater and minimize the movement of sediments from roads and newly planted stands during challenging weather events such as prolonged periods of heavy rain. Proper road maintenance conducted with strict adherence to regulations and government guidance and performed by trained contractors ensures that streams and other watercourses and their water quality are protected.

Creating Value through Wetland Restoration

RMS has created revenue opportunities for investors through the protection of water resources and the restoration of wetlands. In 2013, we began the process of establishing a wetlands mitigation bank in North Carolina to create and restore wetland habitat. This project was conceived to offset the negative impacts of land development in nearby cities. In 2015, the project was approved to sell wetlands credits by federal regulators — and it remains open in 2018. The knowledge gained from this project will inform our analysis of future opportunities to protect water and wetlands while generating additional revenue in the near term in support of our investors' objectives.





CARBON

As challenges stemming from a changing global climate continue to mount, heightened attention is being paid to the critical role forests play in mitigating the impacts of increasing atmospheric carbon dioxide concentrations. Trees absorb carbon dioxide as they grow. Actively managed plantations exhibit increased rates of carbon dioxide absorption and carbon sequestration through accelerated tree growth and productivity. In addition, less intensively managed natural areas and streamside management zones (SMZs) provide a mechanism for longer term storage of carbon. Following harvest, this carbon can be stored for extended periods of time in solid wood products, like lumber, construction panels, furniture, and flooring. It can also be converted into renewable energy sources such as wood fuel pellets.

Through active forest management, RMS is contributing positively to the growing global demand for forest-based carbon sequestration and storage.

As part of our commitment to ESG principles, RMS has begun tracking the volume of carbon stored in the forests we manage for investors. Our efforts have started with our largest forest assets, those in the U.S., and we are expanding our work to focus on the other lands we manage internationally — in Brazil, Australia, and New Zealand. To support these efforts, we are leveraging our robust inventory program and using widely accepted methodologies developed through peer-reviewed research programs to estimate carbon stocks and their changes over time. RMS' primary management objective is to achieve our investors' financial objectives. As a result, our harvest schedules are most closely calibrated with evolving timber market dynamics. At present, carbon storage potential is not currently one of the parameters we use to develop harvest schedules, but is among the host of metrics we examine as part of our commitment to long-term sustainability.

The calculation of carbon stocks at a single point in time is sensitive to a variety of factors beyond wood volume. These factors include forest type, harvest dynamics, and the distribution of different timber stand ages within a broader forest. As such, we anticipate that, depending on market conditions and the biological needs of the forests under our management, we will observe both positive and negative year-to-year changes in carbon stocks in the future. However, based upon our efforts to increase the productivity of our investors' plantations, and to protect key natural areas and forests with sites and attributes of interest for social and environmental conservation, we anticipate an increasing trend in carbon storage on the forest assets RMS manages over the long term.

Carbon storage is one of the many ecosystem services provided by sustainably managed forests. As part of RMS' commitment to long term environmental and social sustainability, we are quantifying the impact of our management on carbon storage over time. Additionally, RMS continues to evaluate opportunities for monetizing the carbon benefits of the forests we manage. To this end, we are committed to monitoring carbon market developments, understanding the potential benefits for investors, and proactively pursuing beneficial opportunities as they develop.

PROTECTING BIODIVERSITY

Across the various landscapes where we operate on behalf of our investors, RMS supports biodiversity by providing habitat for a variety of plants and animals. We engage in scientific research and targeted partnerships to understand how our management activities can provide habitat for common and rare wildlife species. Through third-party certification, we ensure that we are meeting our commitment to protect species and ecosystem biodiversity as is appropriate at both the level of individual timber stands and, more broadly, across entire forests.

Within well-managed forest plantations, properly applied management techniques enhance the quality of wildlife habitat. RMS' foresters produce a variety of habitat enhancement outcomes through the forest planning process. Among other things, this can include promoting understory plant diversity, maintaining multiple canopy layers, leaving downed woody debris for invertebrate habitat, designing harvest units of different sizes and shapes, and protecting nesting trees for cavity dwelling bird species. At the landscape level, less intensively managed forest areas, including natural areas, streamside management zones, and wetlands, weave throughout the landscape, creating a heterogeneous mix of conditions critical for enhancing biodiversity.



In the southeastern United States, RMS Forest Management Strategies provide habitat for the Gopher Tortoise, a species of regional conservation importance.



Understanding the Important Conservation Impacts of Sustainably Managed Forests for High Priority Bird Species

In 2017, RMS participated with other SFI certified forest managers to examine the value managed forests produce for bird species of conservation concern in the U.S. Southeast. Initial estimates from this analysis, which was conducted by researchers at the National Council for Air and Stream improvement (NCASI) and the American Bird Conservancy's Avian Research and Conservation Institute, indicated that "SFI-certified lands contribute significantly to priority bird species, providing habitats that would not exist otherwise as part of a landscape that also includes mature forests and developed areas."[4]

[4]American Bird Conservancy Fact Sheet, "Bringing Back the Forest Birds", March 2018

RMS takes active measures to identify and protect special habitats for rare or protected species. These areas are highlighted in maps produced for harvesting and silvicultural activities. This helps to facilitate conversations between RMS foresters and harvesting and silvicultural contractors about important wildlife habitats and other areas that may require specific attention. These maps also identify sensitive water resources, potential safety issues, and other important topics.

Forest Chemicals

Various chemicals are used in forestry to address productivity challenges, including competing vegetation and the amelioration of nutritional deficiencies for crop trees. The targeted use of these chemicals results in significant gains in forest productivity, and enables forest managers to produce more wood volume from a given land area. This improvement in productivity can substantially benefit the rural communities where we operate by promoting local employment. Productivity improvements also increase the rate of carbon absorption, and increase the underlying value of our investors' forests. Productive, actively managed forests also are more resistant to fire, insect infestation, and disease — other important risks that must be managed to protect and enhance investment value.



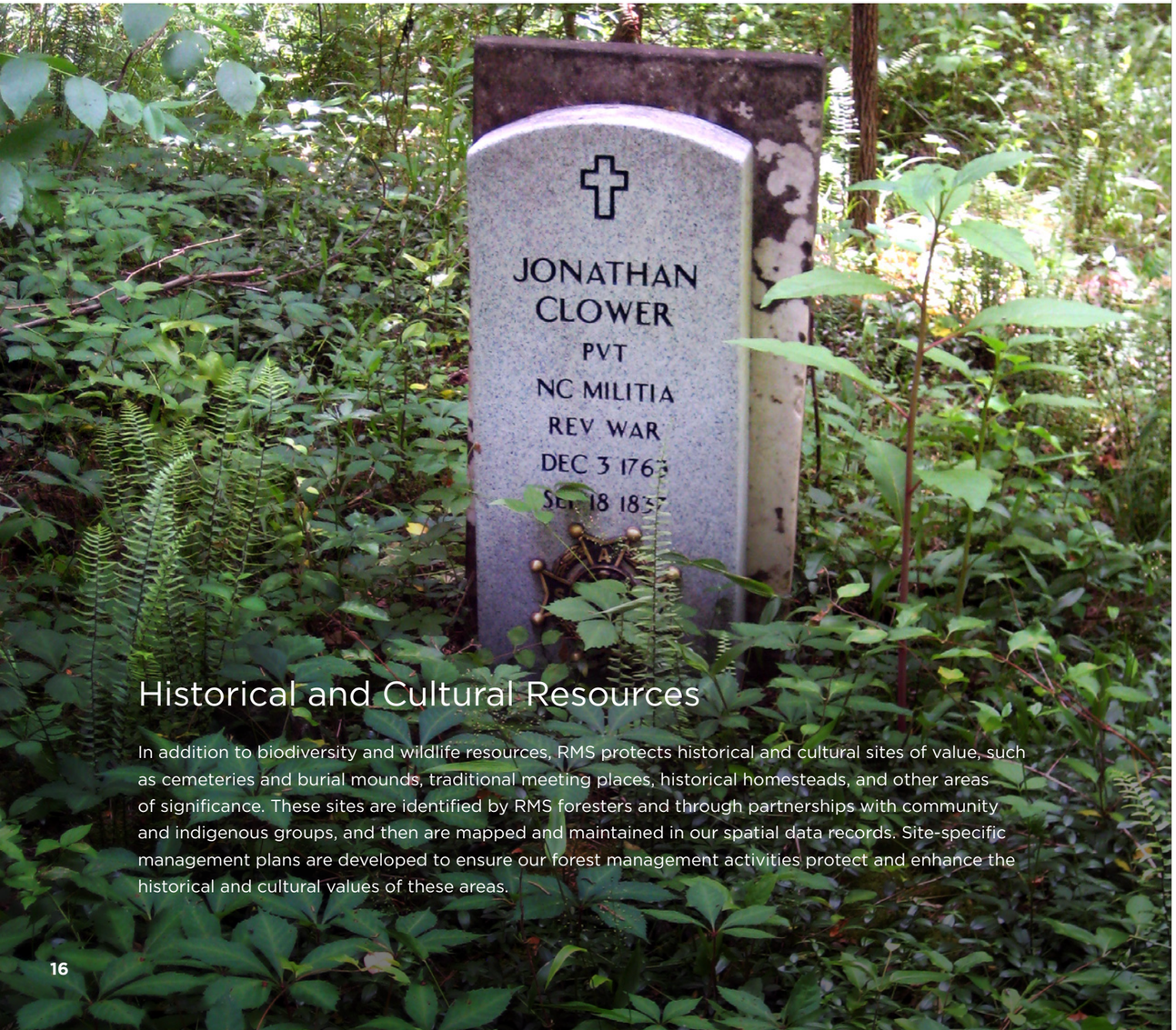
> ***RMS is committed to thoughtful and safe use of forest chemicals.***

Our foresters use chemicals, including pesticides and fertilizers, applied at levels that meet or fall below government-regulated application limits. Application plans are developed to protect water quality through the use of precise application methods and by buffering water bodies. RMS does not use any "extremely hazardous" or "highly hazardous" chemicals (as defined by the World Health Organization) in our forestry operations. In addition, we use industry-leading technologies to identify only those forest stands that require fertilization to promote significant tree growth. This targeted approach ensures fertilizer is applied only when and where it will provide significant productivity gains. Where fertilization is less necessary, we strive to reduce operating expenses by reducing the amounts applied. A key example of how we use industry-leading technology is our utilization of satellite imagery and proprietary algorithms to determine how individual stands are growing through time. The information gleaned from these technologies helps us determine whether fertilization applications are continuing to support our efforts to enhance forest productivity in a given area. This program combines innovative technology with our extensive forestry experience to produce improved management of our investors' forests.

RMS managed forestland in Alabama

SOCIAL

RMS believes our employees and the lands we manage are a part of the fabric of local communities. In addition to the ecosystem services provided, sustainably managed, working forests support rural communities by providing economic opportunities. Our forest management activities support thousands of jobs, from the planting of seedlings to the manufacture of wood products. Additionally, we engage with outside organizations, including state and federal agencies, conservation groups, and other stakeholders, through a variety of collaborative partnerships.



Historical and Cultural Resources

In addition to biodiversity and wildlife resources, RMS protects historical and cultural sites of value, such as cemeteries and burial mounds, traditional meeting places, historical homesteads, and other areas of significance. These sites are identified by RMS foresters and through partnerships with community and indigenous groups, and then are mapped and maintained in our spatial data records. Site-specific management plans are developed to ensure our forest management activities protect and enhance the historical and cultural values of these areas.

Employees

RMS currently employs 169 people worldwide. We nurture our company community by providing opportunities for training and continuing education for employees at all levels of the organization. We encourage our employees to participate in professional societies to engage with, and learn from, the broader forestry community. We also maintain an active career development program to foster the organization's next generation of leaders.

RMS has a senior executive-level role dedicated full-time to its ESG efforts, as well as an experienced individual who serves in a manager-level role. These two ESG specialists are further supported by several others who perform operational roles throughout the organization — people who are charged with both the strategic and tactical implementation of RMS' ESG principles. RMS empowers all team members, from region managers to foresters, to incorporate its commitment to sustainable forestry and responsible investing into their daily efforts.

In 2015, RMS established an Internship Program to offer university students working in undergraduate and graduate forestry programs and related disciplines with opportunities to build their skill sets and gain hands-on experience in the forest investment management sector. An additional objective of this program is to help us identify talented, entry-level people who may be suitable as future hires. In 2017, the program expanded to include 13 students from eight of the premier forestry schools in the United States. These interns were placed with our forestry operations, accounting, and land sales teams for their summer terms and for extended school-year tenures. In addition to internships, RMS offers scholarships at these eight universities for students that excel within their respective fields of study. These $10,000 per-year scholarships are designed to support the academic endeavors of individuals from demographic populations that traditionally have been under-represented in forestry or who would otherwise benefit from significant financial assistance to help them complete their educations.



Amanda Nunes,
RMS Forest Planner

$10,000
PER-YEAR IN SCHOLARSHIPS



Trent Williamson,
RMS Forester

Safety

RMS is committed to ensuring the safety of our employees and contractors. We want every employee and contractor returning home safely to his or her family every day. We believe that quality training administered on a regular basis is an important tool for keeping people safe — both in the forest and at the office. Each management region within RMS conducts safety training and monitoring for employees as is appropriate for their particular function and responsibilities. Additionally, safety guidelines and considerations are integrated into RMS' legal agreements, which ensures that employees of our vendors and contractors are provided with assurance of compliance with all relevant safety laws and regulations.



RMS foresters Rex Benham, Brad McLauchlin and Clay Jenkins meet with a contractor

Community Outreach

RMS engages with local communities where we are active through a variety of efforts. Among other things, these include; volunteering our time and expertise to provide educational opportunities for students of all ages; working to understand and support the needs and interests of key stakeholders; and, establishing long-term relationships with such stakeholders through frequent communication and ongoing collaboration. We partner with government agencies, conservation organizations, and community groups, to advance our commitment to sustainability. This outreach helps identify conservation priorities, further our political advocacy goals, and minimize regulatory risk for our investors.



RMS forester Allen Jones presenting 3rd grade students at Nebo Elementary School in Louisiana with Growing and Wonder Butterfly kits to spark students interest in science and the natural world

In 2017, we launched the RMS "Community Roots" program, an organization-wide philanthropic effort. Through "Community Roots," we support charitable and educational organizations at the local, regional, national, and international levels. The goal of the program is to improve the quality of life for those who reside in the communities in which we live and work by partnering with organizations that are focused on addressing the pressing issues facing forest ecosystems and surrounding communities. The RMS "Community Roots" program provides volunteer assistance, funding, and in-kind resources to support outdoor educational opportunities, to advance responsible forest management through scientific research initiatives, and to foster active public policy engagement.

The RMS "Community Roots" program's first initiative was a partnership with Habitat for Humanity, an organization that helps families break the cycle of poverty and acquire long-term financial stability by working with partners like RMS to build stable and affordable homes for deserving people. To date, Habitat for Humanity has helped transform the lives of more than 6.8 million people. In early 2018, RMS provided substantial funding, and many of our employees offered their expertise and hundreds of volunteer hours, to build a quality home for a family from Prattville, Alabama, a community in which our Alabama region employees live and work. We look forward to a productive partnership with Habitat for Humanity and to helping the organization build many more quality homes in RMS operating regions around the world.



RMS® COMMUNITY ROOTS

GOVERNANCE



RMS Foresters Mike McCorvey, Justin Stringfellow, and Jeff Morris review field maps

8 DECENT WORK AND ECONOMIC GROWTH

RMS is governed by a robust set of policies and practices to ensure the incorporation of sustainability principles into the organization's activities. We uphold strict standards of open, honest, and ethical business practices, and view our fiduciary responsibility to every investor as our foremost business responsibility.

The RMS Code of Ethics sets forth a foundational framework of conduct. Our employees are expected to adhere to the highest principles of fairness, honesty, and integrity as they execute their responsibilities to the firm and on behalf of investors. The RMS Environmental, Social, and Governance (ESG) policy summarizes all of the business processes and protocols that guide our sustainable forestry efforts. Additionally, we are a signatory to the United Nations' Principles for Responsible Investment (UNPRI). As such, our employees have access to resources developed by UNPRI and its affiliates to help organizations develop a greater understanding of ESG topics and to stay abreast of related trends and issues. Our engagement with UNPRI informs our approach to responsible investing; highlighting the strengths and weaknesses of policies and procedures already established and helping us recognize where improvements are needed.

The direction and strategy for maintaining high quality standards of governance within RMS are provided by the RMS Board of Directors, the RMS Investment Committee, and the RMS Sustainable Forestry Team. In 2017, the RMS Sustainable Forestry Team was expanded to include representatives from our management regions outside of the United States. This was done to ensure global perspectives are considered with regard to challenges and opportunities we encounter in implementing sustainable forestry practices. The team was also expanded to share the lessons we have learned from third-party audits that have been conducted across our management regions.

Employee Ownership

RMS is proud to be an employee-owned organization, which is an important cultural attribute that was deeply valued by our founders. Current and former employees own 75.3 percent of the firm, which helps ensure that our priorities and financial interests are aligned with those of our investors. As part of RMS' commitment to broad employee ownership, we have developed a strategic succession plan to foster the next generation of employee-owners. Twelve employees became new owners of RMS in 2016. As of April 2018, 37 current and former employees maintain ownership stakes in the firm and together they hold more than 75 percent of the company's total equity.





Employee Diversity

RMS is committed to providing a diverse, safe, and rewarding work environment for all employees. In 2017, women comprised 22 percent of the RMS workforce, held 5 percent of company leadership roles as mid-level or senior level managers, and comprised 11 percent of the executive team. In the U.S., where the majority of our employees live and work, minorities accounted for 21 percent of the RMS workforce.

While these numbers are not yet at desired levels, they represent progress toward our goal of building a more diverse team.

RMS WORKFORCE





Compensation

RMS offers competitive compensation for its employees and we are committed to sharing profits widely across the organization. In 2017, the compensation ratio of top executive base salary to the median base salary was 5.75 to 1. We benchmark compensation for all levels within the organization, including base salaries, profit sharing, and bonuses. Based upon 2017 benchmark data for the industry, RMS maintains above average salary levels for both base salaries and bonuses.

We believe compensation is an important component of our ability to recruit and retain leading talent.

RMS Forestry Manager Jeff Green speaks to a group of students from Auburn University

A message from
the Chief Executive Officer



Thank you for reading our 2017 Global Sustainability Report.

The sustainable management of private, working forests was a central organizing principle of John Bradley and Harry Murphy when they founded RMS in 1950. It remains an enduring ethic we carry in our organizational culture and is reflected in our company vision;

"RMS exists to advance the practice of forestry and appreciation of the societal importance of privately owned forests."

The forests we manage provide clean air and water, support biodiversity, foster rural communities, and yield raw materials for a wide variety of sustainable products. They also provide value for our investors, who are responsible for funding pension benefits; providing financial support to colleges and universities; and championing a variety of important charitable endeavors.

RMS has long been a leader in the implementation and continual improvement of forest certification standards, which are a key force for positive change in the forestry sector. Building on this history, we are embracing the new challenges and opportunities represented by our investors' increased consciousness around Environmental, Social, and Governance (ESG) issues. We are responding by increasing our capacity to manage a broad range of non-timber values and by building strategic relationships with important stakeholder groups to further de-risk the forest assets we manage for our investors.

This report is a first for RMS. It's one of the many new ways we are communicating with our investment partners and other stakeholders about our sustainability efforts. We present this information in the spirit of transparency and look forward to thoughts and feedback from our investors, partners, employees, and other stakeholders.

Respectfully,

Craig Blair

Rhododendron spp., RMS managed lands in North Carolina

RMS

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RESOURCEMGT.COM

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