

2017 GLOBAL SUSTAINABILITY REPORT

UNITED STATES

RMS
Resource Management Service, LLC

Creating Forest Value Since 1950

2017 ACTIVITIES: UNITED STATES

Sustainable Forestry Certification

All U.S. forestland properties RMS manages for investors are certified to the Sustainable Forestry Initiative's Forest Management Standard (SFI). These lands have been certified through SFI since they were acquired from International Paper in 2006. As part of our certification program, external auditors conduct annual field and documentation audits and review the results of RMS' internal auditing efforts. During the 2017 audit cycle, RMS was not cited for any minor or major incidents of non-conformances with the SFI standards. External auditors did note as an opportunity of improvement an examination of our fertilizer application monitoring processes. Field foresters in our operating regions in the U.S. are working with fertilizer application contractors to improve monitoring and feedback procedures.

Protecting Biodiversity

82
PROTECTED SITES

16
ENVIRONMENTALLY SENSITIVE SITES

RMS currently manages 82 sites for the protection of threatened, endangered, rare, or imperiled species and their habitats. We also manage 16 environmentally sensitive sites. External experts such as state Natural Heritage programs and NatureServe are also used to help identify newly designated threatened and endangered species habitat areas. Habitat for many other rare species is provided through regular forest management and harvesting operations. The leadership team of RMS proactively engages with federal and state wildlife agencies to establish partnerships that focus on implementing policies and guidelines that recognize the important role of active forest management in the protection of many at-risk species and their habitats.

RMS managed forestland in Alabama



RESTORING THE NATIVE LONGLEAF PINE ECOSYSTEM

Longleaf pine ecosystems once occupied an estimated 92 million acres across the U.S. South.[1] Although the Longleaf pine ecosystem was once one of the most extensive forest ecosystems in North America, its size has diminished significantly due to urbanization, fire exclusion, and changing forest management priorities. Today, less than five million acres of Longleaf pine dominated landscapes exist in the U.S. South.[2] As such, Longleaf pine restoration has become a conservation priority and those involved in the effort have established a goal of restoring eight million acres by 2025. This work is being led by a coalition of public and private sector partners, including federal and state agencies, non-governmental organizations, landowner associations, private companies, land trusts, and many more.

THE CONSERVATION FUND

To support this effort, RMS is leading the charge for Longleaf pine restoration among private timberland investment managers. The focal point of our efforts has been the establishment of the Coastal Headwaters Longleaf Restoration initiative. This landscape-scale initiative is focused on restoring Longleaf pine working forests on appropriate lands in the Florida Panhandle and southern Alabama. RMS is demonstrating the economic and environmental viability of Longleaf pine forests. Our goal is to promote the importance of Longleaf pine restoration in accomplishing meaningful conservation outcomes for species habitat and water quality, while continuing to provide sustainable economic benefits of working forests for forest investors, forest products manufacturers, and rural communities. The Coastal Headwaters Longleaf Restoration initiative is led by RMS and The Conservation Fund, a national non-profit land conservation organization. This central partnership is supported by significant involvement from federal and state agencies, community groups, and other environmental organizations.



In 2017, RMS continued its leadership in the At-Risk Species Initiative. This is a collaborative effort with the National Alliance of Forest Owners (NAFO) and the U.S. Fish and Wildlife Service (USFWS), as well as with various state wildlife agencies, and environmental non-governmental organization (ENGO) stakeholders. The objective of the initiative is to position actively managed forests as essential for enhancing the conservation outlooks for at-risk and listed species, particularly those requiring young forest, open canopy, or riparian and aquatic habitats. This type of collaborative conservation has proved successful for a number of forest dwelling species. In 2016, the USFWS cited the role of private forest owners and managers for their key efforts in facilitating the successful delisting of the Louisiana black bear as a threatened species throughout its range, which extends from east Texas to Louisiana, and across Mississippi.

RMS has taken a leadership position in this initiative because we believe that there is a positive link between working forests and the maintenance of biodiversity. Actively managed forests are integral to species conservation and efforts to demonstrate these benefits not only further species conservation outcomes for a variety of species, they create meaningful value for our investors by reducing the regulatory risk associated with their forest assets. We leverage our reputation as a trusted partner of wildlife conservation organizations by cultivating lasting partnerships based on mutual trust and respect. Through these partnerships, RMS is working to help foster a positive cultural shift in the relationships that exist between private landowners and government agencies involved in wildlife protection.

[1]Frost, C. 2006. History and future of the longleaf pine ecosystem. In: Jose, S.; Jokela, E.J.; Miller, D.L., eds. The longleaf ecosystem: ecology, silviculture and restoration. New York: Springer Science: 9–48.
[2]Oswalt, Christopher M.; Cooper, Jason A.; Brockway, Dale G. [and others]. 2012. History and current condition of longleaf pine in the Southern United States. Gen. Tech. Rep. SRS–166. Asheville, NC: U.S. Department of Agriculture Forest Service, Southern Research Station. 51 p.



Carbon

RMS' primary mandate is to help our investors achieve their financial objectives by optimizing the performance of the forest assets we manage on their behalf. This includes striving to quantify and monetize non-timber forest values, such as carbon storage potential. Annual volumes of carbon storage on the forest assets RMS manages in the U.S. may fluctuate from year to year based on harvest schedules and prevailing timber market dynamics. However, carbon storage is a key metric that we examine annually as part of our commitment to long term sustainability.

Currently, RMS managed forests in the U.S. exceed regional carbon storage estimates for private forestlands in the U.S. South. According to the California Air Resources Board, the leading government authority on carbon dioxide emission management in the U.S., high productivity forestland sites maintain carbon stocks of 65.76 metric tons (mt) (CO_2E/ac)[1] and 77.98 metric tons (mt) (CO_2E/ac)[1] in the Atlantic Coastal Plain and Gulf Coastal Plain regions, respectively. These estimates were developed by the California Air Resources Board using forestland data collected by the U.S. Forest Service.

AVERAGE CARBON STORAGE LEVELS ON RMS-MANAGED LANDS	
RMS U.S. MANAGED FORESTLAND CARBON STOCK — JANUARY 1, 2018	
RMS U.S. Total Above and Below Ground Carbon	199,000,000 mt CO_2E[2]
RMS U.S. Average Above-Ground Carbon per acre	80 mt CO_2E/ac
RMS U.S. Average Total Carbon per acre (above and below ground)	98 mt CO_2E/ac
REGIONAL BASELINES	
Atlantic Coastal Plain Loblolly-Shortleaf-Oak Assessment Area: High Site	65.76 mt CO_2E/ac[1]
Gulf Coastal Plain Loblolly-Shortleaf-Oak Assessment Area: High Site	77.98 mt CO_2E/ac[1]

In 2018, RMS will explore methodologies to determine the amount of carbon stored in wood products made from timber harvested from the lands we manage for our investors. In 2017, two carbon offset development firms were engaged to analyze a variety of options for initiating carbon offset projects on RMS managed properties. The current structure of the predominant carbon offset market in the United States is a challenging fit for forest assets dominated by actively managed plantations, but we continue to evaluate such opportunities. For example, we are exploring the development of carbon offset projects on the Coastal Headwaters Longleaf Restoration initiative, our innovative effort to protect and restore areas of Longleaf pine ecosystem in Alabama and Florida. The Coastal Headwaters Longleaf Restoration initiative presents a unique opportunity to pilot carbon offset projects for actively managed pine plantations through the use of conservation easements that will be established to protect its conservation attributes.

[1]Common practice above ground carbon mean
[2]Million metric tonnes of CO_2 equivalents

Water

In the United States, RMS maintains strict compliance with forestry best management practices (BMPs) for water quality. BMPs are monitored by state forestry agencies and developed through collaborative processes that engages researchers, conservation organizations, private landowners, public land managers, and other expert stakeholders. BMPs are designed to protect the physical, chemical, and biological integrity of water bodies in accordance with the requirements of the federal Clean Water Act and other state and federal regulatory frameworks. Under SFI certification, loggers and contractors operating on lands managed by RMS are required to comply with water quality BMPs at all times. Compliance is monitored internally by our foresters and externally through both the SFI third-party audit process and by audits conducted by state forestry agencies.

OUR WATER IMPACT FOR 2017 IN THE UNITED STATES

18,374
MILES OF INTERNAL PROPERTY ROADS

15,009
MILES OF STREAMS RUNNING THROUGH RMS MANAGED LANDS[1]

31,136
MILES OF STREAMSIDE MANAGEMENT ZONE EDGE

404,069
ACRES OF STREAMSIDE MANAGEMENT ZONES

361,667
ACRES OF WETLANDS[2]

Research

> ***In 2017, RMS spent approximately $1 million on internal and external research in the U.S.***

Our research program focuses on a variety of issues, including forest health and productivity; forest management; conservation of biological diversity; ecosystem functions, including the provision of high quality water resources and carbon sequestration; and, the protection of air and soil resources.

RESEARCH PARTNERS IN 2017

ACADEMIC INSTITUTIONS

NC State University
Stephen F. Austin State University, Nacogdoches, Texas
University of Florida
University of Georgia
Virginia Tech
Mississippi State University

INDEPENDENT RESEARCH INSTITUTIONS

NatureServe — A Network Connecting Science With Conservation
U.S. Fish & Wildlife Service
NSF
manomet
American Bird Conservancy
NCASI — Impact. Science. Solutions.

[1]Stream types considered in this measure include intermittent, small, large stream, river, and primary and secondary drainage features
[2]Wetland types considered in this measure include estuarine and marine wetlands, freshwater emergent wetlands, freshwater forested or shrub wetlands, freshwater ponds, riverine wetlands, and other miscellaneous wetlands

Community Outreach

RMS provides meaningful support to the communities surrounding the forests we manage in the U.S. In 2017, RMS engaged with local communities through a comprehensive recreational licensing program covering more than two million acres. This program enables members of the community to gain access to our investors' lands for hunting, fishing, hiking, bird-watching, and horseback riding, among other pursuits, and to learn more about RMS' approach to active and sustainable forest management.

RMS supports rural economies by providing quality employment opportunities. In 2017, our activities in the U.S. required the engagement of 81 logging contractors and 177 forestry service providers. Our investors' forests are generally located in rural areas where residents have limited access to well-paying jobs. Direct employment opportunities created by our forest management activities, and indirect positions created by our need to hire forestry-related contractors and service providers, have a significant impact on employment dynamics and the general economic well-being of the communities in and around our investors' forestlands.

IN 2017, RMS ENGAGED



Our foresters and managers also have deep relationships with the premier undergraduate and graduate forestry programs in the U.S. We provide field tours and facilitate summer internship experiences. RMS also provides scholarship programs for forestry students at several colleges and universities, with a particular focus on using scholarships to assist students from under-represented demographic populations to complete their education and gain entry to the profession. We also offer programs and field tours to primary and secondary school students and educators — inviting them to our investors' lands to help them learn more about forestry and forest ecology. We do the same with landowners of small forest parcels, offering them tours and workshops demonstrating how to manage their own lands more effectively in accordance with their financial, recreational, and environmental objectives. In addition, we regularly host logger training events and programs. Overall, in 2017,

> ***RMS employees based in the U.S. contributed over 450 volunteer hours towards educational projects,***

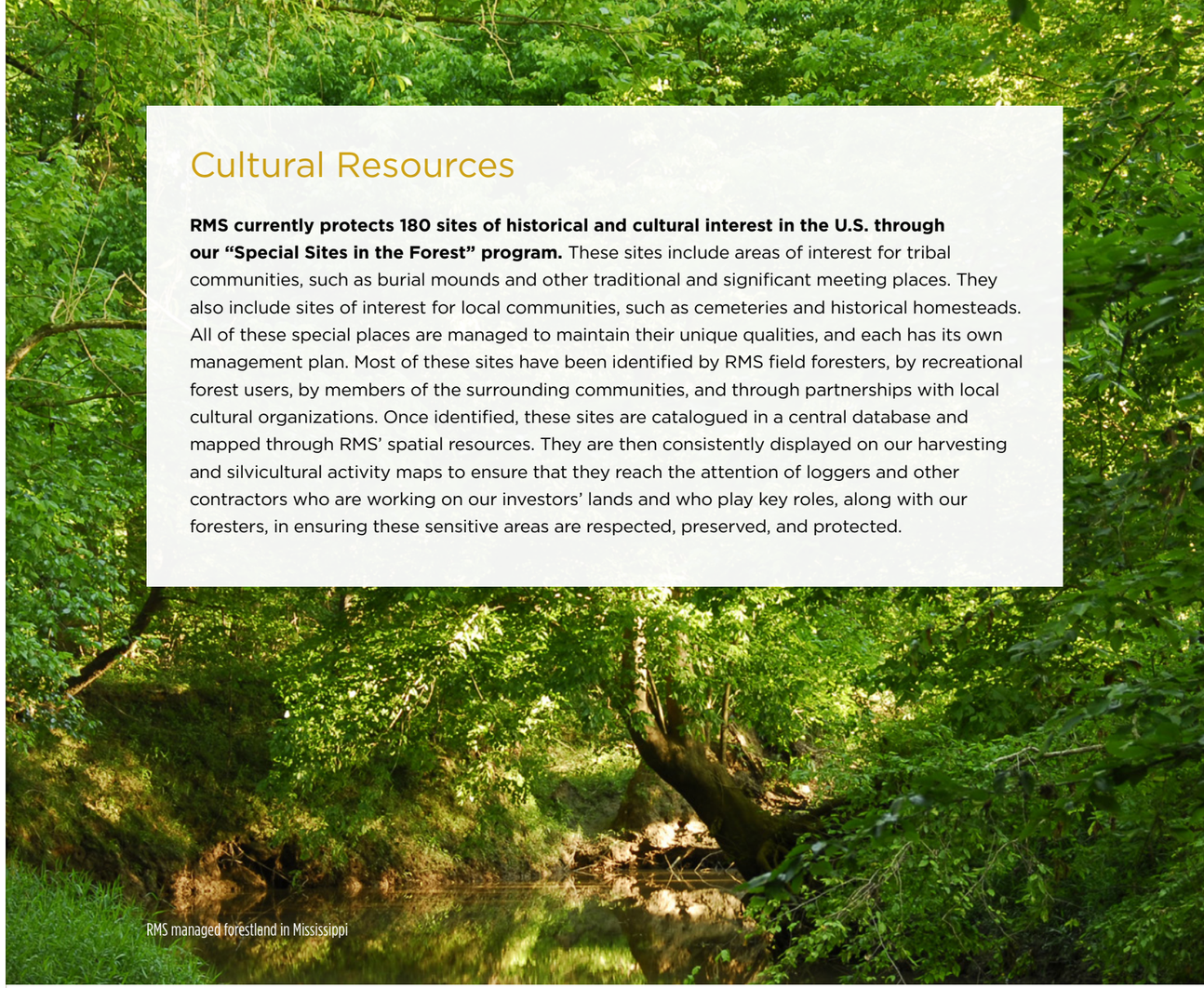
such as architectural student field tours, science tours and workshops for elementary school students, and mentoring experiences for the next generation of foresters.



The RMS Resource Planning team volunteers for Habitat for Humanity as part of the RMS Community Roots program.

Cultural Resources

RMS currently protects 180 sites of historical and cultural interest in the U.S. through our "Special Sites in the Forest" program. These sites include areas of interest for tribal communities, such as burial mounds and other traditional and significant meeting places. They also include sites of interest for local communities, such as cemeteries and historical homesteads. All of these special places are managed to maintain their unique qualities, and each has its own management plan. Most of these sites have been identified by RMS field foresters, by recreational forest users, by members of the surrounding communities, and through partnerships with local cultural organizations. Once identified, these sites are catalogued in a central database and mapped through RMS' spatial resources. They are then consistently displayed on our harvesting and silvicultural activity maps to ensure that they reach the attention of loggers and other contractors who are working on our investors' lands and who play key roles, along with our foresters, in ensuring these sensitive areas are respected, preserved, and protected.



RMS managed forestland in Mississippi

Safety

In the U.S., where more than 85 percent of all RMS employees live and work, our operating regions conduct regular safety programs that address topics such as safe driving habits; working in the vicinity of logging, road maintenance, and silvicultural equipment; working alone; dealing with inclement weather; and how to take precautions against the hazards posed by venomous snakes, stinging insects, and poisonous plants. Employees working in the field are also encouraged to attend outside training programs. For instance, in 2017, all Texas Region field employees attended an annual fire safety training hosted by the Texas Forest Service.

> ***In 2017, RMS U.S. employees experienced no recordable safety incidents.***



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