

FOREST MANAGEMENT AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY CERTIFICATION EVALUATION REPORT

Humboldt Redwood Company, LLC
Mendocino Redwood Company, LLC

Northern California, USA

SCS-FM/COC-00120N

P.O. Box 712

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CERTIFIED	EXPIRATION
27 November 2019	26 November 2024

DATE OF FIELD EVALUATION
27-30 August 2019
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18 December 2019

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Foreword

SCS Global Services (SCS) is a certification body accredited by the Forest Stewardship Council to conduct forest management and chain of custody evaluations. Under the FSC / SCS certification system, forest management enterprises (FMEs) meeting international standards of forest stewardship can be certified as “well managed,” thereby permitting the FME’s use of the FSC endorsement and logo in the marketplace subject to regular FSC / SCS oversight.

SCS deploys interdisciplinary teams of natural resource specialists and other experts in forested regions all over the world to conduct evaluations of forest management. SCS evaluation teams collect and analyze written materials, conduct interviews with FME staff and key stakeholders, and complete field and office audits of subject forest management units (FMUs) as part of certification evaluations. Upon completion of the fact-finding phase of all evaluations, SCS teams determine conformance to the FSC Principles and Criteria.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the FSC Certificate Database (<http://info.fsc.org/>) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use by the FME.

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Certificate Registration Information

Name and Contact Information

Organization name	Mendocino and Humboldt Redwood Companies		
Contact person	Sarah Billig		
Address	PO Box 996 Ukiah, CA 95418	Telephone	707-463-5125
		Fax	
		e-mail	sbillig@mendoco.com
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FSC Sales Information

FSC salesperson	Adam Steinbuck, Vice President		
Address	PO Box 712 Scotia, CA 95565	Telephone	707-485-6720
		Fax	707-485-7918
		e-mail	asteinbuck@mendoco.com
		Website	https://mendoco.com/

Scope of Certificate

Certificate type	<input type="checkbox"/> Single FMU	<input checked="" type="checkbox"/> Multiple FMU
	<input type="checkbox"/> Group	
SLIMF if applicable	<input type="checkbox"/> Small SLIMF certificate	<input type="checkbox"/> Low intensity SLIMF certificate
	<input type="checkbox"/> Group SLIMF certificate	
# Group Members (if applicable)		
Number of FMUs in scope of certificate	2	
Geographic location of non-SLIMF FMU(s)	<i>Latitude & Longitude: MRC: 39 deg 10'41.02"N; 123deg 14'18.93"W; HRC: 40 deg 29'00.61"N; 124deg 06'11.55"W</i>	
Forest zone	<input type="checkbox"/> Boreal	<input checked="" type="checkbox"/> Temperate
	<input type="checkbox"/> Subtropical	<input type="checkbox"/> Tropical
Total forest area in scope of certificate which is:	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac	
privately managed	438,461	
state managed		
community managed		
Number of FMUs in scope that are:		

less than 100 ha in area		100 - 1000 ha in area	
1000 - 10 000 ha in area		more than 10 000 ha in area	2
Total forest area in scope of certificate which is included in FMUs that:			Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
are less than 100 ha in area	0		
are between 100 ha and 1000 ha in area	0		
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	0		
Division of FMUs into manageable units:			
The two FMUs are divided into management units as follows.			
<u>Mendocino Redwood Company FMU</u>			
Rockport Coastal: 18,138 ac			
Hollowtree: 21,046 ac			
North Navarro West: 9,811 ac			
Elk Creek: 14,075 ac			
Albion: 16,269 ac			
Greenwood Creek: 9,882 ac			
Garcia River: 15,634 ac			
Noyo: 19,346 ac			
Big River North: 13,169 ac			
Big River South: 14,577 ac			
North Navarro East: 13,169 ac			
South Navarro West: 14,577 ac			
South Navarro East: 17,713 ac			
Alder Creek: 10,642 ac			
Annapolis: 7,044 ac			
Willow Creek: 1,811 ac			
Ukiah: 12,989 ac			
<u>Humboldt Redwood Company FMU</u>			
Mad River: 4,926 ac			
Freshwater: 15,537 ac			
Elk River: 22,070 ac			
Strongs Creek: 4,875 ac			
Yager: 19,297 ac			
Van Duzen: 22,761 ac			
Shively: 14,553 ac			
Larabee: 24,085 ac			
Eel River: 24,062 ac			
McCann: 7,897 ac			
Bear River: 16,537 ac			
Mattole River: 18,165 ac			
Lawrence: 14,593 ac			

Non-SLIMF FMUs (Group or Multiple FMU Certificates)

Name	Contact information	Latitude/ longitude of Non-SLIMF FMUs	
NA	NA	NA	NA

Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):		
Male workers: 496	Female workers: 30	
Number of accidents in forest work since previous evaluation:	Serious: 0	Fatal: 0

Pesticide and Other Chemical Use

<input type="checkbox"/> FME does not use pesticides.				
Commercial name of pesticide / herbicide	Active ingredient	Quantity applied since previous evaluation (kg or lbs.)	Total area treated since previous evaluation (ha or ac)	Reason for use
Clopyralid	Clopyralid	6.5 gallons	87.5 acres	Invasive species management
Glyphosate*	Glyphosate	1,187 gallons	2,425 acres	Competing vegetation management
Imazapyr	Imazapyr	1,075 gallons	2,096 acres	Competing vegetation management
Triclopyr	Triclopyr	1,564 gallons	2,419 acres	Competing vegetation management
Sulfometuron methyl	Sulformeturon methyl	288 gallons	88 acres	Competing vegetation management

**Note: Glyphosate is classified as 'Restricted' under FSC-POL-30-001a. Under the new Pesticide Policy (FSC-POL-30-001 V3-0), continued use of glyphosate past 1 August 2020 requires that the FME has completed, and acted on, an environmental and social risk assessment (ESRA) in accordance with this policy.*

Production Forests

Timber Forest Products	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
Total area of production forest (i.e. forest from which timber may be harvested)	395,711
Area of production forest classified as 'plantation'	0

Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems	161,517
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	234,285
Silvicultural system(s)	Area under type of management
Even-aged management	0
Clearcut (clearcut size range: NA)	0
Shelterwood	0
Other:	0
Uneven-aged management	395,711
Individual tree selection	131,903
Group selection	131,903
Other: variable retention, rehabilitation, etc	131,904
<input type="checkbox"/> Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)	NA
Non-timber Forest Products (NTFPs)	
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	0
Other areas managed for NTFPs or services	0
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	0
Species in scope of joint FM/COC certificate: <i>Scientific/ Latin Name (Common/ Trade Name)</i>	
<i>Sequoia sempervirens</i> (redwood); <i>Pseudotsuga menziesii</i> (Douglas-fir); <i>Abies grandis</i> (grand fir); <i>Eucalyptus spp.</i> (Eucalyptus); <i>Lithocarpus spp.</i> (tanoak); <i>Tsuga heterophylla</i> (Raf.); and Sarg (western hemlock)	

FSC Product Classification*

Timber products		
Product Level 1	Product Level 2	Species
W1	W1.1	All of the above
W3		All of the above
Non-Timber Forest Products		
Product Level 1	Product Level 2	Product Level 3 and Species
NA	NA	NA

*Note: W1, W2, and W3 product groups usually do not require a separate evaluation to FSC-STD-40-004 (COC) if processing occurs in the field for FM/COC and CW/FM certificate types. N1-N10 (NTFPs) are eligible to be sold with FSC claims under FM/COC certification if reported here. Bamboo and NTFPs derived from trees (e.g. cork, resin, bark) may be eligible for FM/COC and CW/FM certification. NTFPs used for food and medicinal purposes are not eligible for CW/FM certification. Check with SCS if you have any products intended to be sold with an FSC claim outside of any of these categories.

Conservation and High Conservation Value Areas

Conservation Area	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
Total amount of land in certified area protected from commercial harvesting of timber and managed primarily for conservation objectives (includes both forested and non-forested lands).*	25,000

**Note: Total conservation and HCV areas may differ since these may serve different functions in the FME's management system. Designation as HCV may allow for active management, including commercial harvest. Conservation areas are typically under passive management, but may undergo invasive species control, prescribed burns, non-commercial harvest, and other management activities intended to maintain or enhance their integrity. In all cases, figures are reported by the FME as it pertains local laws & regulations, management objectives, and FSC requirements.*

High Conservation Value Forest / Areas			Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
Code	HCV Type	Description & Location	Area
HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	Refugia stands containing Type 1 and Type 2 old growth redwood and Douglas-fir not included in HCV2; coho core areas, lower alder creek murrelet area, northern spotted owl core areas, point Arena mountain beaver	27,760
HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.	Large scale refugia redwood forests containing Type 1 and Type 2 old growth along with second growth persevered in Marbled murrelet conservation areas (MMCA's)	6,515
HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.	Riparian management zones, pygmy forest, oak woodland, etc.	37,794
HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).	-	--
HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).	-	-

HCV6	Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).	Significant sites	10
Total area of forest classified as 'High Conservation Value Forest / Area'			72,079

Areas Outside of the Scope of Certification (Partial Certification and Excision)

<input checked="" type="checkbox"/> <i>N/A – All forestland owned or managed by the applicant is included in the scope.</i>		
<input type="checkbox"/> <i>Applicant owns and/or manages other FMUs not under evaluation.</i>		
<input type="checkbox"/> <i>Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.</i>		
Note: <i>Excision cannot be applied to CW/FM certificates.</i>		
Explanation for exclusion of FMUs and/or excision:	NA	
Control measures to prevent mixing of certified and non-certified product (C8.3):	NA	
Description of FMUs excluded from or forested area excised from the scope of certification:		
Name of FMU or Stand	Location (city, state, country)	Size (<input type="checkbox"/> ha or <input type="checkbox"/> ac)
NA	NA	NA

1.2 Standards Applicable

All standards employed are available on the websites of FSC International (www.fsc.org) or SCS Global Services (www.SCSglobalServices.com). All standards are available on request from SCS Global Services via the comment form on our website. When no national standard exists for the country/region, SCS Interim Standards are developed by modifying SCS' Generic Interim Standard to reflect forest management in the region and by incorporating relevant components of any Draft Regional/National Standard and comments from stakeholders. More than one month prior to the start of the field evaluation, SCS Draft Interim Standards are provided to stakeholders identified by FSC International, SCS, forest managers under evaluation, and the FSC National or Regional Office for comment. SCS' COC indicators for FMEs are based on the most current versions of the FSC Chain of Custody Standard, FSC Standard for Group Entities in Forest Management Groups (FSC-STD-30-005), and FSC Accreditation Requirements.

Standards applicable <i>NOTE: Please include the full standard name and Version number and check all that apply.</i>	<input checked="" type="checkbox"/> Forest Stewardship Standard(s), including version: FSC-US Forest Management Standard (v1.0, 8 July 2010)
	<input checked="" type="checkbox"/> SCS COC indicators for FMEs, V7-0
	<input checked="" type="checkbox"/> FSC Trademark Standard (FSC-STD-50-001 V2-0)
	<input type="checkbox"/> FSC standard for group entities in forest management groups (FSC-STD-30-005), V1-1
	<input type="checkbox"/> Other:

1.3 Conversion Table English Units to Metric Units

Length Conversion Factors		
To convert from	To	multiply by
Mile (US Statute)	Kilometer (km)	1.609347
Foot (ft.)	Meter (m)	0.3048
Yard (yd.)	Meter (m)	0.9144
Area Conversion Factors		
To convert from	To	multiply by
Square foot (sq. ft.)	Square meter (m ²)	0.09290304
Acre (ac)	Hectare (ha)	0.4047
Volume Conversion Factors		
To convert from	To	multiply by
Cubic foot (cu ft.)	Cubic meter (m ³)	0.02831685
Gallon (gal)	Liter (l)	4.546
Quick reference		
1 acre	= 0.404686 ha	
1,000 acres	= 404.686 ha	
1 board foot	= 0.00348 cubic meters	
1,000 board feet	= 3.48 cubic meters	
1 cubic foot	= 0.028317 cubic meters	

2. Description of Forest Management

2.1 Management Context

2.1.1 Regulatory Context

<p>Pertinent regulations at the national level</p>	<p>Endangered Species Act Clean Water Act (Section 404 wetland protection) Occupational Safety and Health Act National Historic Preservation Act Archaeological and Historic Preservation Act Americans with Disabilities Act U.S. ratified treaties, including CITES Lacey Act Forest Resources Conservation and Shortage Relief Act National Resource Protection Act National Environmental Protection Act National Wild and Scenic River Act Native American Grave Protection and Repatriation Act Rehabilitation Act Architectural Barriers Act</p>
<p>Pertinent regulations at the state/local level</p>	<p>Z'Berg-Nejedly State Forest Practices Act of 1973 California Endangered Species Act California Environmental Quality Act California Civil Code Section 1008 Native Plant Protection Act Porter-Cologne Water Quality Control Act The California Forest Practice Regulations (FPR) Williamson Act Timberland Productivity Act</p>
<p>Regulatory context description</p>	<p>California has some of the most rigorous forest practice regulations in the United States. Regulations are developed by a governor appointed Board of Forestry and based on the Z'Berg-Nejedly Forest Practices Act of 1973 (FPA). Additionally, the federal Endangered Species Acts, the California State Endangered Species Act, EPA's Clean Water Act, and OSHA requirements also play a significant role in regulating forestry activities in California.</p> <p>An overarching long-term sustained yield plan must be prepared for all ownerships larger than 50,000 acres (20,243 ha). Further, a Timber Harvest Plan (THP) must be prepared for every timber harvest project. A THP is considered the functional equivalent of an environmental impact report (EIR) under the California Environmental Quality Act (CEQA). Lead</p>

	<p>agencies for overseeing THP processes are the California Department of Forestry and Fire Protection (CAL FIRE) and California Regional Water Quality Control Board (CRWQCB). The California Department of Fish and Wildlife (CDFW) and the California Department of Mines and Geology (CDMG) also provide significant inputs into the THP process. As a group, these agencies review written THPs and evaluate the company’s compliance with the FPA by making onsite visits before, during, and after harvesting. Moreover, the THP process is a public process. The project proponent files their long-term plan and THP with the state, and the public is given an opportunity to provide written or verbal comments to the agencies. Agencies are required to respond to each comment in writing. Additionally, the National Marine Fisheries Service monitors each project’s protection of Rare, Threatened, and Endangered (RTE) anadromous fish (Chinook and Coho salmon and steelhead trout). CDFW monitors other RTE species on behalf of the US Fish and Wildlife Service. The state also regulates the protection of historical and archeological sites. Native American Tribes are given opportunities to protect sites of cultural importance.</p> <p>The Mendocino Redwood Company FMU operates under a state (CAL FIRE) approved Option A, which takes the place of a Sustained Yield Plan (SYP) and demonstrates compliance with the regulations under California's FPR and CEQA. Like an SYP, the Option A addresses management effects on timber resources, such as growth and harvest levels, while considering non-timber resources in each THP, such as watersheds, fisheries, and wildlife. MRC’s Option A was first submitted in 1998, and updated in 2008 to incorporate newly designated Harvest Blocks.</p> <p>The Humboldt Redwood Company FMU operates under a Sustainability Analysis published in March 2016 and a Habitat Conservation Plan (HCP) that was inherited from the previous landowner in 1999. The HCP requires conservation measures including special provisions calling for periodic watershed analyses of major drainage basins on these lands, identification of site-specific management prescriptions intended to ensure that watercourse and other aquatic habitat conditions continue to trend toward a properly functioning condition, special monitoring and mitigation provisions for several species of wildlife listed as threatened or endangered under the Endangered Species Act (ESA), and other advanced conservation requirements.</p>
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2.1.2 Environmental Context

Environmental safeguards:
<p>The FME frequently employs protection mechanisms for soil and water resources that go above and beyond requirements in the California FPA. On the HRC FMU, for example, special monitoring and prescriptions are designated in the HCP for erosion control, harvest prescriptions near waterways, road maintenance, and fisheries management. The effectiveness of these and other protection measures is assessed by independent observers for both FMUs.</p> <p>Additionally, the company’s adherence to California’s forest practices regulations, as well as to federal regulations described in the section on Regulatory Context above, helps to ensure the implementation of safeguards that protect important environmental values.</p>
Management strategy for the identification and protection of rare, threatened and endangered (RTE) species and their habitats:
<p>On the HRC FMU, protection measures for RTE species are laid out in the HCP. Areas have been set aside to provide for habitat needs of these species. Annual population monitoring on the FMU is conducted to determine the effectiveness of protection measures and to ensure that the FME is using current population data in its modeling and management. Protection of RTE species and their habitats on the MRC FMU follows both state and federal regulations, and in many cases are above and beyond those required protections.</p>

2.1.3 Socioeconomic Context

Timber harvesting in Humboldt, Mendocino and, to a lesser extent, Sonoma Counties has largely contributed to the overall socioeconomic attributes of the area, and has substantially contributed to the current economic and social environment. Commercial harvesting began in the late 19th century. After the 1906 San Francisco earthquake, timber extraction increased significantly and became the area’s largest employer, bringing more people into the area and increasing population densities along the coast. Communities developed around sawmill sites along the coast (mostly at the mouth of rivers) as lumber was transported to San Francisco by ship. During the housing boom after World War II, more mills were built in the inland valleys as highways and railways provided the bulk of the lumber transportation. There were literally hundreds of sawmills on the three counties. In 1955, the area produced one billion board feet of lumber.

Timber production remained high until the mid-1990s, when the effects of long-term, severe over-harvesting began to lead to social conflicts over forest management in northern California, with forestry also becoming less important to the economy. Forest-related employment began to decline. Reasons for the decline could be attributed to issues such as changes in mill technologies, corporate consolidation of the industry and associated downsizing, diminishing log supplies from historic over-harvesting versus available mill capacity, shifting policies on public lands, and increases in environmental regulations. The

timber industry has become a secondary employer and timber receipts and taxes lag behind the wine and tourism industries in both counties.

The decline in the forest products industry has occurred in tandem with the rise of the marijuana industry in Humboldt, Mendocino and Sonoma counties. Numerous legal and illegal gardens are now found on private and public lands. While the business of growing marijuana has brought substantial economic gain for some local residents, forestry activities have been disrupted. The FME, like many large private landowners, devotes substantial time, money, and effort toward securing their forests from illegal uses by patrolling their gates and periodically conducting flyovers in collaboration with county and state drug enforcement agencies.

In Humboldt County, marijuana is estimated to account for \$1.6 billion of the county's \$3.5 billion economy (Humboldt County, 2012). The industry is estimated to contribute \$504 million to the Sonoma County economy, per *Economic Impact of the Cannabis Industry Sonoma County, California* (2018).

According to the most recent US Census Bureau estimates, Humboldt County has a population of 136,373. It is 83.4% white, 11.8% Hispanic or Latino, 6.3% Native American, and 1.4% black. Mendocino County has a population of 87,606. It is 86.2% white, 25.6% Hispanic, 6.3% Native American, and 1.1% black. Both counties have Native American populations that are well above the state average of 1.6%. Sonoma County is the largest of the three, with a population estimate of 499,942. Demographic statistics for Sonoma are similar to Mendocino, it has a much smaller Native American population.

Since the late 1990s, Sonoma County has fared better economically than other counties in the region. As of 2017, the median annual household income of Sonoma County was \$71,769, versus \$46,528 in Mendocino County and \$43,718 in Humboldt county; the state average is \$67,169. The September 2019 unemployment rate was 2.2% in Sonoma County, 2.9% in Mendocino County, and 3.9% in Humboldt county, compared to a state unemployment rate 4%. Primary commercial enterprises in the area continue to be timber, agriculture, ranching, recreation, and tourism along the coast. Mendocino County is home to nine Native American reservations, and local tribes include Pomo, Kahto, Yuki, and Eel River Athapaskan people. Humboldt County contains eight reservations including land belonging to the Hoopa, Yurok and Karuk peoples. Sonoma County also contains several small Rancherias. In the past, the FME has issued use agreements to the Pinoleville Pomo Nation, primarily regarding a piece of land that is managed jointly for traditional uses by the Tribe. The FME is willing to continue to facilitate similar agreements with area tribes when the opportunity arises.

2.1.4 Land use, Ownership, and Land Tenure

Mendocino Redwood Company, LLC and Humboldt Redwood Company, LLC (“companies”) are owned and controlled by Sansome Forest Partners, Limited Partnership (hereinafter referred to as Sansome Partners), a private San Francisco based firm specializing in long-term investments. The Fisher family is the primary investor in Sansome Forest Partners. In 1998, Sansome Partners acquired vast forestlands and formed the Mendocino Redwood Company; today, this is the MRC FMU. In 2008, the investment firm purchased Humboldt Redwood Company, which is wholly in Humboldt County and constitutes the HRC FMU. Both properties are owned as titled, fee simple property and have clear tenure.

Humboldt Redwood Company (HRC) FMU:

Prior to the 1850s, the HRC FMU’s forestlands were largely late successional coastal redwood and Douglas-fir mixed forests supporting communities of Native Americans such as the Wiyot, Sinkiyone, Whilkut, and the southern Athabascans that include the Mattole and Nongatle. These peoples used fire to clear areas and improve hunting, especially along the borders of the redwood forest where oak woodlands and prairies existed. The first sawmill was established on Humboldt Bay in the 1850s, marking the beginning of the lumber industry on what became known as the Redwood Coast of California. By the end of World War II tractors and trucks were in common use, a transition that stimulated construction of a road network to access HRC property, much of which is still used.

Over the years, most of the productive timberlands owned by many of the original logging businesses were acquired and consolidated by The Pacific Lumber Company (PALCO). Much has been written about the chain of events that led to PALCO’s bankruptcy trial, from January 2007 to July 2008. At the end of the proceedings, the Humboldt Redwood Company was formed and in August of 2008 HRC became the owner/manager of 209,000 acres that had previously been owned and managed by PALCO. Many of the land management and stakeholder consultation issues are legacies from the days of PALCO’s management and many of HRC’s operating documents, including the HCP and the Sustainability Analysis still refer to PALCO.

Much of the FME’s forestlands are adjacent to public and private roads, neighbors, and public reserves and parks. These are areas of community concern and are considered in forest planning and operations by foresters and managed with special sensitivity to the impacts silvicultural activities may have on the view sheds and aesthetic quality, among other issues. The FME’s public access policy is to encourage cooperative education and research on its ownership. It is also open to a variety of other activities including hiking, camping, picnicking, bicycling, horseback riding, running, hunting, and fishing. Written permits or lease arrangements are required for all of these activities to shelter wildlife, prevent road damage, protect watercourses, educate individuals about safety issues, and allow the FME protection from personal liability claims. To aid the companies in the implementation of the public access policy, the FME has a gate policy for employees and contractors to ensure that access to the property is controlled for public and employee safety, as well as protection of the environment.

Ranching is also an extensive land use in the three counties. The FME's grazing lease policy seeks to minimize resource damage, while providing HRC with the benefit of reducing fire hazard by lowering the amount of dry standing grass in the summer. Grazing leases are written up individually – new BMPs are being incorporated into renewed leases this year.

Mendocino Redwood Company (MRC) FMU:

As noted in MRC's forest management plan, prior to the 1850s MRC forestlands were largely unmanaged late successional redwood and Douglas-fir forests supporting communities of Native Americans (e.g., the Pomo, Yuki, Cahto, Wilaki, and Sinkyone). These communities relied on adjacent oak woodlands for food, hunting, medicine, and most likely burned the forest every 20 years. In pre-settlement California, small populations of tule elk, pronghorn, and deer commonly grazed and sustained the resultant open grasslands. As settlers arrived, herds of grazing cattle, sheep, and horses displaced these native species. Heavy grazing and invasion of non-native plant species have had negative impacts on many Mendocino County native grasslands.

In 1852, the first sawmill was built at Big River, ushering in the redwood lumber industry on the Mendocino Coast of California, though harvesting progressed slowly until 1900. Harvesting techniques included burning, tree felling, re-burning, and downhill yarding into and through watercourses. Splash dams also transported logs downstream to mills. These logging techniques caused extensive damage to stream channels, and riparian and aquatic habitat and species, the legacy of which MRC is still confronted with.

By the late 1970s, when most old-growth had been liquidated, harvesting tapered off, many less productive timber properties were subdivided into smaller parcels, and productive industrial forest lands were consolidated under fewer corporate ownerships. By the late 1980s, subdividing of forest lands had slowed considerably as a result of county planning and regulatory efforts. Many properties have traded hands several times over the last 35 years. The management goals for small forest land holdings are wide ranging including: timber management, recreational, aesthetic, wildlife-related, or spiritual in nature.

Companies such as Union Lumber, Albion Lumber, Mendocino Lumber, Rockport Redwood, Cottoneva Lumber, and Southern Pacific Land were some of the early owners of what now comprise the MRC FMU. Later ownerships were held by the Masonite Corporation and Louisiana-Pacific Company. Initial logging activities generally consisted of a regimen of burn, clearcut, and burn again. In response to tax laws in the 1940s and 1950s, many stands were managed to remove 70% of the stocking, typically the larger, healthier trees. Subsequent owners managed lands to maximize fiber output and the success of their mill investments. As a result, a significant portion of the MRC acreage is at reduced levels of conifer stocking with trees in smaller diameter size classes. Historically industrial ownerships in this region were heavily over-cut. MRC's lands were among those heavily harvested by previous owners. This led to the decline of some species that subsequently landed on RTE species lists. RTE species that most notably

affects forestry on the north coast of California are the northern spotted owl, marbled murrelet, coho salmon, chinook salmon, and steelhead trout, as well as the Point Arena mountain beaver.

Currently, timber management is the main activity occurring on the MRC FMU, although there are several hunting club leases maintained on the property. Ninety-five percent of the FMU is in the timber producing areas of Mendocino County, accounting for 10% of the county’s private land. Other industrial and nonindustrial forestlands along with small communities and subdivisions adjoin the property. In both Mendocino and Sonoma counties, timber production, ranching, agriculture (primarily vineyard production), marijuana cultivation, urbanization, recreation, and tourism are common land uses. The FME allows local residents access to company forestland for recreation and a variety of personal uses by permit. No commercial recreational activities are permitted; common uses include horseback riding, hiking, mushrooming, and picnicking. Additionally, some adjacent residents and landowners have use permits or easements for water resources, grazing, or road access with legal documentation kept in the FME’s MRC office in Ukiah

2.2 Forest Management Plan

Management objectives:
<p>While the following objectives are from the HRC FMP (2016), they are applicable to both FMUs.</p> <ul style="list-style-type: none"> • Conduct forest management operations that protect and if needed restore forest resources. • Achieve over time a complex forest landscape that provides diverse habitats and connectivity. Riparian and hillslope monitoring will inform our progress toward this objective. • Provide properly functioning conditions for anadromous salmonids where suitable habitat exists on the landscape. • Maintain Forest Stewardship Council® (FSC® C013337) Certification (achieved December 2009). • Harvest less timber than we grow until we reach a timber inventory target that allows long-term sustainable yields that provide a good business return. We will monitor the growth of our inventory over time through our Forest Inventory Resource and Planning program. • Continue to implement the Habitat Conservation Plan. We monitor the implementation and effectiveness of the HCP through several in-house monitoring programs. • Implement protections for old growth trees: we will train staff and monitor tree marking in harvest units to ensure protection policies are being followed. • Convert even-aged forest stands to uneven-aged stands through careful and reasoned application of silvicultural methods that do not include conventional clearcuts. Changing stand conditions will be evaluated through our Forest Inventory Resource and Planning program. • Evaluate our harvesting, regeneration, and fire protection practices and programs as part of an on-going best management practices review. • Continually modify our management based on internal monitoring and new science.

- Monitor our business with respect to the general economy, make prompt analyses when conditions change, and make necessary changes in a thoughtful and sensitive manner.
- Be an active participant in our local communities through community giving programs, local purchasing, and by providing good working conditions and fair wages.
- Operate with integrity.

Forest composition and rationale for species selection:

The HRC and MRC FMUs are similar in many regards, but ecologically they are distinct enough to warrant being described separately.

Humboldt Redwood Company (HRC) FMU:

Vegetation on HRC lands is primarily coastal redwood and Douglas-fir mixed conifer forests. Areas that are inland, farther from the influence of the marine climate, and holdings in the Bear and Mattole River drainages, are dominated by Douglas-fir and hardwood mixed evergreen. Approximately 95% of the FMU is forested, with the remaining area covered by prairie, shrubs, and waterways. Logs are currently sold for all commercially viable species.

As stated in the HRM FMP (page 7), “HRC’s lands are among the most biologically diverse and productive lands on the west coast of North America. Blessed by a Mediterranean climate and rich organic soils, redwood and Douglas-fir forests can achieve very high volumes of standing biomass. On HRC lands, eighty-six percent of the timberland is classified as Site Quality II indicating that the co-dominant trees in the stand can achieve heights of 102-121 feet by 50 years of age. There are lesser amounts classified Site I (greatest growth) and Site III (average growth for the species).

“The landscape on HRC’s lands is a mixture of working forest intermingled with old growth redwood reserves and other forest stands managed primarily for preservation of resource values. As a result of the variety of silvicultural methods employed over the past 160 years, the working forest today is a mixture of age classes resulting from one to three previous harvests, with significant portions containing younger even-aged forest stands. Dispersed throughout the property within the working forest there are a number of previously-harvested forest stands that contain clumps of old growth trees or scattered individual old growth trees” (HRM FMP, page 7).

Mendocino Redwood Company (MRC) FMU:

MRC’s forests are dominated by redwood, Douglas-fir, and tan oak. Additionally, grand-fir and other hardwood species (i.e., black oak, live oaks, California bay, and madrone) occur on the forest. Soils of the region have mostly been formed on sandstones and shales, and to a lesser extent on slate, chert, limestone and schist. The coast range in Mendocino and Sonoma Counties is primarily underlain by folded and sheared marine sandstones and siltstones, schists, and dispersed metamorphic blocks and volcanic rocks of the Franciscan assemblage. Because of its underlying

geology, the FMU is subject to high rates of mass wasting and erosion due to steep topography, high uplift rates, weak rocks, and very sheared and faulted conditions of underlying bedrock.

Initial logging activities generally clear-cut the old growth forests, then burned the slash while the logs were still on the ground before yarding them downhill to the river systems. Oxen were used to pull logs to mills or river systems. The rivers served as the transportation routes to the mills. Subsequent entries into the forests further inland were commonly accomplished with steam donkeys and railroads. During the 1940s, crawler tractors replaced steam donkeys and trucks replaced railroads to deliver logs to the mills. Clear cutting continued to be a common harvest method.

Tax laws in the 1940s and 1950s required landowners to pay taxes on standing timber volume which encouraged landowners to remove the commercial conifer stocking resulting in harvests that removed the larger, healthier trees. Little effort followed harvesting to ensure that the areas harvested were stocked with conifers and able to grow amidst competition from hardwoods. The result of this 'high-grading' is that currently portions of the forest consist of unnaturally high densities of tanoak and other hardwoods. High intensity fires associated with burning slash and catastrophic wildfire (Comptche Fire in 1931, for example) also favored the establishment and rapid growth of tanoak and hardwoods. It has been hypothesized that the intensity associated with the Comptche Fire was due to high levels of lying dead wood associated with shake operations in the forest. The current density of the hardwoods (tanoak) results in a condition that limits the ability of redwoods and Douglas-fir to achieve desired or historical stocking levels. Without forest management, the FMU would retain the current high proportion of hardwoods, particularly tanoak.

Vegetation on the FMU is composed primarily of second and third growth natural forests. Mixed redwood and Douglas-fir stands cover 134,468 ac (54,417 ha) or 63% of the property. Occurring in all MRC inventory blocks, this is the most common vegetation type on the property, ranging from young, regenerating forests to mature forests. Coastal redwood and Douglas fir are generally associated with each other in MRC forests. The composition of conifer stands is related to environmental conditions. Coastal redwood, as its name implies, is found within 2-10 mi (4-16 km) off the coast, in areas of consistent fog, with high summer humidity, cool temperatures, and well-developed soils, while Douglas fir can occur on drier sites with poorer soils. Both species live for long periods of time; stand-replacing fires generally favor development of forests dominated by Douglas-fir.

Coastal redwood and Douglas-fir forests and oak woodlands provide habitat for all of the RTE species managed and protected by MRC. In the upland and riparian portion of this natural community are northern spotted owls, marbled murrelets, Point Arena mountain beavers, Townsend big eared bats, and a handful of rare plants, including a robust population of Humboldt milk-vetch. The riparian portion of the forest also provides habitat for numerous threatened or endangered species, such as Coho salmon, Chinook salmon, steelhead, coastal tailed frogs, red-legged frogs, southern torrent

salamanders, and various rare plants. Old-growth stands in the forest are especially important to species such as the marbled murrelet, and the Pacific fisher. Many bat species such as the Townsend big eared bat are associated with old-growth characteristics as well.

General description of land management system(s):

The silvicultural land management systems employed on the HRC and MRC FMUs are described separately below, as they are in the two FMPs.

Humboldt Redwood Company (HRC) FMU:

As described in the HRC FMP (page 16), “HRC foresters will be using a General Decision Logic table (see Figure 4) to determine the most suitable silviculture for specific stands. The General Decision Logic prescribes uneven-aged harvest, such as selection, to conifer stands with healthy stocking (greater than 125 square feet conifer basal area per acre). RMZs are targeted for high retention selection harvest to promote the growth of larger trees. HRC does not use traditional clearcutting on its properties.”

Figure 4 from the FMP can be found below:

GENERAL DECISION LOGIC FOR SELECTING SILVICULTURE METHODS			
Conifer Stocking (BA/Acre)	Hardwood Stocking (BA/Acre)		
	61+	21-60	0-20
126+	Selection/Group Selection/Alternative Group Selection		
106-125	Variable Retention (VR)	(Alternative) Transition	
50-105			
0-49	Rehabilitation		
The trend in silviculture implementation will migrate stands toward a condition where they can continuously be managed under Selection and Group Selection methods. Each silviculture method has a 20-year re-entry interval.			
Seed Tree and Seed Tree Removal (not shown in table) may also be used occasionally where appropriate.			

Mendocino Redwood Company (MRC) FMU:

The MRC FMU states (page 13) that “To meet our inventory goals, MRC has developed and implemented a set of trigger and retention policies for different kinds of harvests, also found in our current Option A document... MRC discontinued the use of traditional clearcutting on its properties when we began business. However, MRC foresters needed a method to restore conifer forest in areas dominated by hardwoods. Instead of traditional clearcutting, foresters use variable retention, a special prescription initially developed by Jerry Franklin, implemented by MRC foresters, and approved by the California State Board of Forestry, to restore conifer forests that maintain structural elements and biological legacies on the landscape. Variable retention leaves from 10% to 40% of the original stand intact. MRC foresters prescribe classic uneven-aged harvest, such as selection, to conifer stands with healthy stocking (≥105 square feet conifer basal area per acre). Watercourse and lake protection zones (WLPZs) are targeted for high retention

selection harvest to promote the growth of larger trees. MRC expects the restoration of stands back to conifer dominance will be largely completed over the next 20 years. After those stands mature, MRC will move towards a forest management regime more dominated by selection silviculture.”

The MRC FMU describes these silvicultural activities in detail and provides guidelines for company foresters. The guidelines include upper and lower limits for pre- and post-harvest basal areas for each prescription. The next likely silviculture application is also provided for each.

The following table is provided in the FMP (page 16), which reflects the company’s long-term priority for uneven management:

MRC Forestlands - Estimated Silviculture Applications		
Silviculture	Next 5 Years % Total Harvested Acres	Fifth Decade Average % Total Harvested Acres
Uneven-aged	64.6%	99.7%
Even-aged	35.4%	0.3%

Harvest methods and equipment used:

LTOs primarily uses ground-based tractor yarding, cable yarding, and in exceptionally steep terrain, helicopter logging. Most trees are hand felled.

Explanation of the management structures:

Management of the FME is organized with a vice president of forestry who makes high-level decisions for both FMUs; this person reports to the CEO. Each FMU has a chief forester, who oversees management on each property. The stewardship director oversees other aspects of management on the two FMUs, including inventory, GIS, forest modelling, and the FSC certification program.

2.3 Monitoring System

Growth and yield of all forest products harvested:

The FME closely monitors the growth and yield of all forest products harvested. The HRC FMU is divided into 13 Sustainability Units (SUs), ranging 5-25k acres in size, and the MRC FMU is divided into 17 SUs, ranging 2-19k acres in size. These SUs are the primary resource management units for the FME. Organized by watershed, each SU has its own set of established management constraints based on geology, soils, species composition and volume, RTE species, and unique features.

Forest planning for both FMUs incorporates a number of modeling tools and components, including a Geographic Information System (GIS), forest inventory data, forest growth and yield models, and software to manage data and analyze prescription alternatives and choices. The FME is in the process of conducting a new inventory for both FMUs, which will support forest planning and modeling across

<p>the FMUs. Ultimately, the FME plans to have one FMP for both FMUs to bring greater consistency to management, which will enable more closely monitored growth and yield across the landscape.</p>
<p>Forest dynamics and changes in composition of flora and fauna:</p>
<p>The forest inventory in process now, which is also mentioned above, captures all relevant data needed to accurately assess changes in forest dynamics and species composition across the FMUs. Additionally, the monitoring of specific RTE species on the HRC FMU, as required by the HCP, provides important data to track trends in changes in wildlife species composition. The surveys undertaken for RTE species as part of developing a THP serve as additional data points in the company’s monitoring program of forest dynamics.</p>
<p>Environmental impacts:</p>
<p>For the HRC FMU, the HCP mandates implementation and effectiveness monitoring for most aspects of environmental impacts associated with timber operations, including potential impacts on RTE species population and habitat, erosion, sedimentation and road management, and water quality.</p> <p>On both FMUs, foresters closely monitor LTOs at active THP operations. Through regular site visits, foresters ensure that BMPs are properly implemented to minimize environmental impacts and stream buffers are maintained per the harvest plan. Similar monitoring occurs for road building and maintenance, invasive species control, and other in-woods forestry activities.</p>
<p>Social impacts:</p>
<p>The FME conducts monitoring for social impacts in a variety of ways. The company invites public input through meetings, its website, field trips, and one-on-one discussions. This includes events at which company staff make presentations or are otherwise engaged in public discussions. The FME tracks input received and how any concerns were addressed. Public input is also sought and documented through the THP development process.</p>
<p>Costs, productivity, and efficiency:</p>
<p>Income and expenses are carefully tracked by the accounting department. Revenue is primarily from log volumes sold. Expenses include contracted logging costs, road improvements, forestry work, wages and overhead, wildlife and aquatics surveys and monitoring, forest restoration work, tree planting, property and yield taxes, interest, and insurance.</p>

3. Certification Evaluation Process

3.1 Evaluation Schedule and Team

3.1.1 Evaluation Itinerary and Activities

<p>August 26, 2019</p>	
<p>Auditors: Stefan Bergmann, Dr. Walter Mark, and Ciara McCarthy</p>	
<p>FMU/Location/Sites visited</p>	<p>Activities/Notes</p>
<p>Scotia Sawmill</p>	<p>A tour of the mill operations at Scotia was conducted by the operations manager for the mill.</p>

August 27, 2019	
Auditors: Stefan Bergmann, Dr. Walter Mark, Ciara McCarthy, and Dr. Sheila Steinberg	
FMU/Location/Sites visited	Activities/Notes
8:00 AM Opening Meeting, HRC offices in Scotia	<p>Opening Meeting: Introductions, scope of evaluation, confidentiality and public summary, evaluation methods, client update, review of open CARs/OBS, emergency and security procedures, and site selection.</p> <p>Client overview of activities on the FMU since the 2018 audit Finalization of the field itinerary. Review of CARs and OBS from the 2018 annual surveillance audit.</p> <p>Following opening meeting, audit team split into 3 teams: northern HRC FMU sites, southern HRC FMU sites, and HRC FMU stakeholder consultation.</p>
Split itinerary: Northern HRC FMU sites	
Auditors: Stefan Bergmann and Ciara McCarthy	
Site 1: Flannigan Creek Bridge, Van Doozen Tract	<p>Fox Creek Road crossing Flannigan Creek where a culvert was removed in 2003 and replaced with a 90-ft railcar bridge. Railroad irons were placed across the road to slow the flow of water. Water drafting site upstream of bridge. The road is gated to control public access. The invasive pampas grass was observed roadside.</p> <p>Discussion about how the FME manages pampas grass, which it considers a low-priority invasive, as well as how hunting, recreation, and biking is available to active and retired employees and to the public by permit.</p>
Site 2: Henhouse THP (1-18-00196), active	<p>498-acre harvest area, of which 411 acres have been cut thus far. Third entry since 2001. All trees to be cut were marked, with each retained wildlife trees marked with a 'W'. Two old NSO activity sites on the unit, but surveys have demonstrated that they are not used anymore. CAL FIRE conducted a pre-harvest inspection on 1/24/19. The stand was 45% redwood and 55% Douglas-fir. The silvicultural treatment was group and single tree selection to open up areas and create an uneven-aged stand. The FME will monitor regeneration until stand is considered free growing in approximately 3 years. Riparian areas were clearly marked with flagging. A number of early mature redwoods were released as part of the harvest activity. Good wildlife tree retention selection: flattop Douglas-fir and tanoak. Active regeneration was observed in old roadbed. Special plant species were mapped on the timber</p>

	<p>harvest plan; arch site also identified with a 50-ft Equipment Exclusion Zone (ELZ). Water bars have not yet been installed, as the unit isn't closed out. Slash will also be spread in skid trails. Interviewed logger, who was found to be well qualified and in conformance with safety standards for PPE, First-aid and spill kit requirements, and firefighting equipment. Reviewed COC documentation (Log receipt #132201), verifying the proper claim and certificate code. Water truck and well-stocked fire box onsite.</p>
<p>Site 3: Ginger Root THP (1-18-00162), active</p>	<p>600-acre harvest, group selection. Groups are 1.5-acres in size. Secondary regrowth area. Prescription was to remove trees greater than 14" and remove all fir. The harvest area was located within a Marbled Murrelet Conservation Area (MMCA) and therefore there was a restriction on the timing of hauling. Interviewed logger who conducted the harvesting operation. COC paperwork was in order: Log receipt #133181 contained the proper claim and certificate code. Contract available onsite included compliance with laws and insurance requirements, maps of harvest areas, company logger safety inspection requirements, and fire prevention and operations standards. FME provides logger with GPS-referenced maps for use in Avenza. Road usage for hauling is permissible to adjacent landowners.</p>
<p>Split itinerary: Southern HRC FMU sites Auditor: Dr. Walter Mark</p>	
<p>Site 4: Allen Creek MMCA</p>	<p>This MMCA is along Yager Creek and Yager Creek Main Road. This area contains the northern spotted owl (NSO) core area #38. This is one NSO site where there has been a history of barred owl intrusion since the 2006-07 surveys. There is a buffer of second growth around the MMCA core area, which provides good foraging habitat for NSOs. The close proximity to the riparian corridor and the old growth presence makes the site desirable for barred owls as well. Due to past barred owl activity in the area the NSOs no longer respond to hooting surveys. Plans for the buffer area include management to move the area to late seral stage conditions through a slight reduction in basal area (BA) to concentrate growth on fewer stems. Operational buffers for the NSO site and MMCA were discussed. There are seasonal use restrictions as well as distance restrictions.</p>
<p>Site 5: Yager Creek main haul road</p>	<p>Vehicle speeds on the road are restricted due to the close proximity to MMCA and NSO attributes. The road is also dust abated with MgCl.</p>
<p>Site 6: MMCA core old growth</p>	<p>The Allen Creek MMCA is 2,500 acres with a 1,300-acre unentered old growth core area. MM surveys started in 1991 and occupied site behavior was observed. This area is part of the Headwaters HCP adopted by HRC. The survey protocols include audio and</p>

	visual surveys and radar tracking. Population numbers are measured and patterns are compared to the patterns in old growth reserves in the area. Slight population declines have occurred, but the declines are greater in the old growth reserves.
Site 7: Blanton Creek THP, completed	Closed-out 2013 THP, single tree selection harvest. The pre-harvest BA was 300 and post-harvest BA was 150. Entries into second growth stands usually remove approximately 40% of the BA with a 10-year re-entry planned.
Site 8: Blanton Creek THP, PCT	Examined pre-commercial thinning (PCT) in a portion of the forest where harvesting had been done in 2004. Different thinning levels were utilized, depending on site conditions and stocking levels with 220, 300, and 360 trees per acre.
Site 9: Blanton Creek THP, herbicide treatment	This area had been harvested in 1999 and a hack and squirt project was completed in 2017 to release the crop trees from hardwood and brush competition. The target species were tanoak and blue blossom ceanothus.
Site 10: Lawrence Creek off-channel restoration	Stream restoration project on a coho refugia creek. The project involved excavating an old oxbow site to open it up to the channel with large woody debris (LWD), root wads, and rocks placed to provide structure and habitat. The stream channel was altered when the road grade was put in place 60-70 years ago, causing high velocity stream currents during high flow events that negatively affect smolt without a refugia. Project was supported by a matching grant opportunity with HRC providing logs, root wads, rock, and equipment.
Site 11: Turkeyfoot THP, completed	Site previously harvested in 1999 using a single tree selection method. There was a hack and squirt project that had been completed to control tanoak sprouts and madrone since the harvest, but no other management has occurred.
Site 12: Mountain View THP, completed	Site included areas of variable retention, single tree selection, and oak restoration. Harvest was in 2017, hack and squirt to control tanoak in 2018, and planting in 2019. CAL FIRE did some small Douglas-fir removal in the oak stands and is planning a fall burn this year in the oak stand to continue the restoration project. Oak species in the stand include valley oak, black oak, and canyon live oak. The oak stand area is designated as an RSA. Road work had been completed and included water bars and rocked fords. There was a rare plant protection site flagged along the road to protect the coast fawn lily; protection structures had been removed at the time of road close out. Plans are to conduct a survey of the planting success and herbicide success in fall 2021 as part of the routine 3-year follow-up survey process. There was quite a bit of

	thistle in some of the disturbed areas; an assessment for potential control with the herbicide Transline will be done in 2020.
Transit to Scotia	Discussed the recent RSA assessment project, which used the NatureServe and LandFire databases to assess what types of ecosystems might be found on HRC and MRC lands.
Split itinerary: HRC FMU stakeholder consultation Auditor: Dr. Sheila Steinberg	
FMU/Location/Sites visited	Activities/Notes
HRC office, Scotia	Interviews with FME management and staff.
Various locations in Humboldt County	Interviews with external stakeholders.

August 28, 2019	
Auditors: Stefan Bergmann, Dr. Walter Mark, Ciara McCarthy, and Dr. Sheila Steinberg	
Daily opening meeting, HRC office, Scotia	Logistical meeting for the day and a recap of the previous day.
Split itinerary: HRC FMU Mattole River Watershed sites Auditors: Stefan Bergmann, Dr. Walter Mark, and Ciara McCarthy	
Transit to Mattole River watershed	The entire field team visited the Mattole River watershed for the day, in part to look at the area about which formal complaints in 2018 and 2019 had been filed to SCS. Discussions during the travel included more detail on the RSA analysis process, including the gap analysis that was completed. The gap analysis indicated that nearly all ecosystems on the FMU were well represented in state and national parks, Six Rivers National Forest, land trust holdings, or BLM lands. Mature Douglas-fir present on BLM lands were used to determine that there was no need for additional protection of that forest type on HRC lands. The new RSA report will be added to the FMP of the HRC lands.
Site 13: Rainbow Ranch THP, road projects	Approved 400-acre THP. There is extensive road rehabilitation to be completed as part of the THP. The THP includes single tree and group selection harvest.
Site 14: Fox Camp Road access	Road is on edge of Humboldt Redwoods State Park, with a right of way where it is within the park boundary. Road is gated to control public access. No trespassing signage was clearly visible upon access. Discussions with foresters confirmed that there are patrol staff throughout the two FMUs: 2 in Scotia, 1 in Ukiah, and 1 in Fort Bragg.
Site 15: South Rainbow Ridge, communications tower	This communications (cell) tower site was established before HRC was FSC-certified. There are 12 such sites across the property. It is in a grassland area, so no forest conversion occurred. The

	<p>discussion included a proposed wind generation site and the potential of leasees with use rights using pesticides as part of their operations. No contracts include this as part of the language. An OBS was issued (see Finding 2019.8).</p> <p>Discussion about the grassland area, which include land enrolled in the Private Lands Management (PLM) with CDFW. There was some habitat restoration and improvement in the grasslands and the adjacent oak woodlands. The PLM is a 5-year program (2015-19) with an annual report; it will be renewed next year.</p>
Site 16: Long Ridge cable and Long Reach THPs, completed road work	<p>Several crossings and road sections were recently reconstructed as part of Long Ridge Cable and Long Reach THPs. The projects observed were all completed very well and are part of the “storm proofing” rehabilitation that is done on HRC. New gravel had been applied to crowned road surfaces, critical dips built, stabilizing rip-rap was installed around oversized new culverts and in ditches, and native seed mix and mulch has been applied on roadsides. All culverts are located with GPS and in the company’s GIS database to facilitate monitoring.</p>
Site 17: Long Ridge HCV area, viewpoint	<p>Observed HCV established to protect old growth Douglas-fir and late seral stands around it upslope of the North Fork Mattole River. It is approximately 200 acres in size. This area does not have MM present, so no MMCA have been established.</p>
Site 18: Coastal prairie RSA, road drainage	<p>The areas of coastal prairie are identified as RSA. There is a grazing lease in this area. There was some gully erosion present that seemed to be associated with the concentration of water from road drainage structures. This was damaging attributes of the RSA; a Minor CAR was issued (see Finding 2019.6).</p>
Site 19: Landslide below road	<p>A landslide that occurred below the road and near the THP boundary was observed. The slide did not appear to be related to the road or the THP.</p>
Site 20: Long Reach THP, nearing completion	<p>This THP was completed in 2019 with hardwood hack and squirt activities prior to 2019 to control competition from tanoak and madrone. Protected tanoaks > 24-in DBH and madrones > 18-in DBH. During owl surveys after the herbicide treatment but before the harvest, an owl was detected in the plan area. This was near NSO Site #75 (considered a level 1 site, which means it was used historically). A new 20-acre core area was established and protected during the harvest operations. There was an amendment filed to the plan due to this finding, which got concurrence from CDFW on the protection mitigations.</p>

<p>Site 21: Long Ridge, Douglas-fir HCV</p>	<p>The group walked into the HCV (seen from a distance at Site 17) and observed the late seral characteristics associated with the HCV area that was not classified as old growth. The HCV area had been protected from harvest, and there was no evidence of entry as part of the recent timber harvest. There was some discussion about potential future plans for entry into the late seral sections of the HCV; an OBS was issued (see Finding 2019.12).</p>
<p>Site 22: Long Reach THP, cont.</p>	<p>Single tree selection area logged with cable with an RMZ protection area below the logged area. Prescription was VR with dispersed retention. Seasonal road was water barred. New road construction was observed, which had been a challenging one to build because of the steep slope. The new “road to the hole” was used to access part of the THP. This road had not been water barred yet but that was planned. The road grade is too steep to use rolling dips. Along this road the tree that had been occupied by a tree-sitter was observed and discussion took place about that activity.</p> <p>The group also observed a 3-acre stand of 70-year old tanoak that was related to a Minor CAR issued last year (Finding 2018.4) that had been treated by the hack and squirt method. Discussion about the size of the stand and the new vegetation management guidelines for size of stands of hardwoods was discussed; also discussed the history of the stand, which was unclear but likely from historic management activities, including potentially wildfire.</p>
<p>Site 23: Long Reach THP, legacy tree retention</p>	<p>A group of Douglas-fir legacy trees was observed along the road. Discussion on the legacy tree program on HRC took place. Tree vole frass was observed below the Douglas-fir trees in the THP area. The status of the Sonoma tree vole, which is a species of concern, was discussed.</p>
<p>Site 24: Coastal Prairie RSA, arch site</p>	<p>An identified and recorded arch site was visited in the RSA. This site was mapped as part of the THP process, but no mitigations were required due to its location and protection since it was not in the THP area but rather near an access road. Attributes of the site and the protections required, if it had been in the THP area, were discussed.</p>
<p>Split itinerary: HRC FMU stakeholder consultation Auditor: Dr. Sheila Steinberg</p>	
<p>FMU/Location/Sites visited</p>	<p>Activities/Notes</p>
<p>HRC office, Scotia</p>	<p>Interviews with FME management and staff.</p>
<p>Various locations in Humboldt County</p>	<p>Interviews with external stakeholders.</p>

HRC FMU Stakeholder Consultation (Cont.)	
Auditors: Stefan Bergmann, Dr. Walter Mark, Ciara McCarthy, and Dr. Sheila Steinberg	
FMU/Location/Sites visited	Activities/Notes
Meeting with members of the Lost Coast League, Eureka	The entire team met with 8 members of the Lost Coast League to listen to their concerns and discuss the 2019 complaint.
Transit to Ukiah	Auditors Stefan Bergmann, Dr. Walter Mark, and Ciara McCarthy travelled to Ukiah. Auditor Dr. Sheila Steinberg remained in Humboldt County for further stakeholder consultation.

August 29, 2019	
Auditors: Stefan Bergmann, Dr. Walter Mark, and Ciara McCarthy	
FMU/Location/Sites visited	Activities/Notes
Daily opening meeting, MRC office, Ukiah	Logistical meeting for the day.
Split itinerary: Coast District/Albion Unit	
Auditors: Stefan Bergmann and Dr. Walter Mark	
Transit to Albion Ridge area	Discussed security for MRC. Local security personnel are hired. Currently the coast area position is open. Also discussed public recreation opportunities, including a picnic area, and conservations easements in the area.
Site 25: Calvert Ridge THP, active	<p>This site is a 195-acre single tree selection harvest. Met forester at the site and reviewed the harvest plan. The THP was approved only 2 weeks prior to the site visit. Falling and skidding were taking place at the time of the visit. Entry road was across a deeded easement. Roadwork that will be completed as part of the THP includes a culvert and rolling dips. Water truck was active to prepare the road for hauling, which was planned to commence the following day. Class 2 WLPZ observed and flagged in accordance with required EEZ. Water source is a pond on the neighbor's property. In exchange for the water, MRC is doing pond restoration under a separate 1600 permit.</p> <p>Falling and skidding contractors were interviewed. The falling crew did not have a first aid kit present, but there was one on a landing some distance from their work area. All crew members had proper PPE. Audit team verified the presence of a spill kit and well-stocked fire box.</p>
Site 26: Calvert Ridge THP, arch site	Historic Loomis Homestead house site in THP. No structures remain. Protection was heavy equipment exclusion and

	directional falling away from the site. Some fence damage was approved in the mitigation. There was a flagged 100-foot buffer on three sides, and the road was the edge of the buffer on the fourth side. The primary arch record was submitted by the forester who wrote the THP. All buffers were flagged and trees were marked.
Site 27: Calvert Ridge THP, active landing	The side rod and the landing and skidding crew were interviewed. There was a spill kit, First-aid kit, and fire box present at the landing. All crew members had proper PPE. COC documentation was reviewed (Load receipt #370621) and found to have the proper claim and certificate code.
Site 28: Melbourne THP, completed; eucalyptus herbicide treatment at Tom Bell Flat along Duncan Access Road	THP was completed in 2017, and the hack and squirt treatment of a 9-acre eucalyptus stand was done in 2017 as part of an invasive species control effort. There was a 200-ft no treatment buffer along the road. Buffers from herbicide treatment are included in the Vegetation Management Plan (VMP). There was no specific monitoring plan for the site other than the tracking required in the VMP. A rancher was allowed to take 200 poles pre-harvest.
Site 29: Melbourne THP, access road	<p>A seasonal road with a locked gate to restrict access was inspected. The road had been water barred and temporary stream crossings were pulled at the end of operations in 2018. There was evidence of a trespasser bypassing the locked gate somehow. It appeared the trespasser may have been stealing firewood, and in accessing the site there was damage to the water bars that caused failure and some road surface erosion resulted. The FME has had a history of trespass in the area, particularly by ATV users. A Minor CAR was issued (see Finding 2019.7).</p> <p>The temporary crossings were pulled with a nice job done to slope the approaches, excavate the channel through the crossing site to the original level and to straw mulch all exposed bare soil.</p>
Site 30: Tom Bell Complex THP, stream crossings on Tom Bell Complex haul road	Recent road work to upgrade crossings. The road was an old railroad grade and significant alteration to drainage patterns had been done in that construction. Replacement of old crossings was the main activity viewed. The crossing installations had some issues with no critical dips to prevent diversion of water down the road surface and with berm buildup on the outflow side of the road surface keeping the road from draining. A Minor CAR was issued (see Finding 2019.7).

<p>Site 31: Tom Bell Complex THP, truck road</p>	<p>The truck road was water barred from winterizing. No critical dips were present at stream crossings, which could lead to diversion if the culverts plugged. See Finding 2019.7.</p>
<p>Site 32: Tom Bell Complex THP, herbicide treatment</p>	<p>A hack and squirt treatment of tanoak was visited to examine the buffer established along the property line of an adjacent land owner. Audit team verified that there was a 200-ft no treatment buffer that had been implemented, per the VMP.</p>
<p>Transit to Ukiah</p>	<p>During the return trip to Ukiah, the team visited a site where there had been controversy a few years ago over the visibility of a hack and squirt operation to control tanoak. Visual evidence from the road was no longer present.</p>
<p>Split itinerary: Interior/Eastern District MRC FMU sites Auditor: Ciara McCarthy</p>	
<p>Site 33: HCV area, oak savannah off of Masonite Road</p>	<p>Masonite road was a road constructed as a hauling road in the 1950s. The HCV area is an oak savannah with redwoods in the lower riparian areas. The FME removed much of the fencing and created slash piles for biodiversity. There is a PLM area, and activities are implemented to improve wildlife habitat. In 2019, a burn plan was developed to deal with the invasive star thistle. There is ongoing research to survey deer using motion cameras by CDFW. Both University of Washington and UC Davis have conducted research in the area. Research and monitoring has been conducted on the red belly newt, Thompson long-eared bat, and two other species of newts. A creek restoration project was conducted at Ackerman/Alder Creek to restore willow and Oregon ash. Douglas-fir encroachment is actively managed. In 2001, the Sonoma County Water Agency with the UC Davis cooperative coastal monitoring program planted willow to enhance steelhead spawning habitat. The presence of juvenile fish such as Coho, Chinook, and steelhead were confirmed. Both black and coast live oak were observed in the HCV.</p>
<p>Site 34: Bridge replacement</p>	<p>Two culverts crossing under the Masonite Road for a Class 1 stream were replaced by a bridge in 2000. The bridge was in good order with no blockage, and the natural creek bed had re-formed beneath.</p>
<p>Site 35: Culvert replacement</p>	<p>Roadwork and culvert replacement had been completed in 2018 as part of implementing the Masonite Road Management Plan. A 60-in pipe replacement had been installed. Surrounding disturbed soil areas had been seeded and strawed.</p>

<p>Site 36: THP-1-18-086, active site</p>	<p>THP approved on 3/28/19. Scenic buffer created with special treatment area. The monitoring forms showed a plan modification with a minor amendment due to an osprey nest, confirmed by FME’s biologist. COC Load receipt #369321 was examined and found to have the proper claim and certificate code.</p> <p>Interview with logging crew confirmed that CAL FIRE conducted monthly inspections of the site. Vehicles were equipped with spill kits and First-aid kits.</p> <p>The target for retention in this stand was 75 to 100 sq-ft. There was discussion about residual damage. Per FME policy, the acceptable level of residual damage is up to 50% stem damage for redwood and 25% on a Douglas-fir. Damage to residual trees was noted; the damage was in excess of what’s allowed under company policy and was detrimental to tree health. An OBS was issued (see Finding 2019.2).</p> <p>The lower portion of the stand was located adjacent to a historic floodplain with an additional buffer of the 100 ft on top of that required by the FPR.</p>
<p>Site 37: Navarro West Tract, Cameron Island</p>	<p>500-ft Firewise management within the Coastal special management zone. An 82-acre exemption was permitted by CAL FIRE and the Fire Safe Council for a project in which openings were created to conduct fuel reduction work next to adjacent residential properties. Pre-existing roads were used as extraction routes. Residual damage was noted as excessive to retained tree health and with a large percentage of damaged residual trees; the level observed exceeded what’s allowed under the company policy described by the forester (see Finding 2019.2).</p>
<p>Site 38: HCV area</p>	<p>Bishop Pine/Pygmy Forest mapped as a unique plant community under HCV. No management has occurred by the FME.</p>
<p>Site 39: Bear Den THP</p>	<p>Variable retention stands with extensive owl surveys in the area. Old growth trees retained within the area. Viewed the stand from the upper access road. Some minor residual damage from cable logging was observed, although it did not exceed what’s allowed under company policy.</p>
<p>Split itinerary: Stakeholder Consultation Auditor: Dr. Sheila Steinberg</p>	

Various locations in Mendocino County	Interviews with external stakeholders.
MRC office, Ukiah	Interviews with FME management and staff.

August 30, 2019	
Auditors: Stefan Bergmann, Dr. Walter Mark, Ciara McCarthy, and Dr. Sheila Steinberg	
FMU/Location/Sites visited	Activities/Notes
MRC office, Ukiah	FME management and staff interviews.
Closing meeting	<p>Audit Team provided a verbal overview of the preliminary findings of the audit. An overview of the remaining procedural phases of this annual surveillance audit was described, including:</p> <ul style="list-style-type: none"> • Completion of stakeholder consultation. • Review of documents gathered during the 4 days of audit activities. • Final audit team deliberations (remote) regarding audit findings. • Preparation of the LCL, et al. complaint investigation report. The investigation is being led by a separate team. • Preparation of the final audit report and recommendation for recertification.

3.1.2 Total Time Spent on Evaluation

A. Number of days spent on-site for evaluation:	3.5
B. Number of auditors participating in onsite evaluation:	4
C. Number of days spent by any technical experts (in addition to amount in line A):	0
D. Additional days spent on preparation, stakeholder consultation, and post-site follow-up, including report writing:	10
E. Total number of person days used in evaluation:	24

3.1.3 Evaluation Team

Auditor name:	Stefan A. Bergmann	Auditor role:	Lead Auditor
Qualifications:	<p>Mr. Bergmann has been in the forestry and wood products field for nearly 20 years, working across the US on forest policy, landowner extension, and forest certification. He also has senior staff executive experience with two forestry non-profits in the Midwest. Prior to joining SCS in 2017, he worked for Rainforest Alliance, overseeing the Forest Stewardship Council® (FSC®) Forest Management auditing program in the US. He has successfully completed FSC Forest Management Lead Auditor training, ISO 9001 Lead Auditor training, and is qualified to be an SFI team auditor. He has served as lead and team auditors on numerous FSC FM audits around the country. He holds a BS in Wildlife</p>		

	Science and an MS in Forest Resources, both from Oregon State University, and recently completed an MBA at the University of California Davis.		
Auditor name:	Dr. Walter Mark	Auditor role:	Team Auditor
Qualifications:	<p>Dr. Walter Mark is a professor emeritus of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University’s FSC Certified school forest. He has a B.S. in Forest Management from Utah State University, an M.S. in Forest Science from Colorado State University, and a Ph.D. in Botany and Plant Pathology from Colorado State University. Dr. Mark specializes in forest health and silviculture. Dr. Mark is a consultant for SCS. He has successfully completed FSC Forest Management Lead Auditor training and ISO 9001 Lead Auditor training. Dr. Mark is a registered professional forester in California (RPF No. 1250) and a Fellow in the Society of American Foresters with over 50 years of forestry experience in public and private forestry and higher education sectors. He has served as audit team member and leader in Canada and the USA for certification, recertification, scoping, and annual audits since 2003.</p>		
Auditor name:	Ciara McCarthy	Auditor role:	Team Auditor
Qualifications:	<p>Ciara McCarthy holds a BSc (Hons) Agroforestry from the University of Wales, UK and Oregon State University. She has accumulated over 17 years’ experience working in all aspects of operational forestry in the UK, Ireland, Australia and United States. Ciara is a Senior Lead auditor for FSC Chain of Custody, a lead auditor for FSC Forest Management Certification and the Sustainable Biomass Program. She has successfully completed audits in the states of Oregon, Washington, California, Georgia, North Carolina, Virginia, Arkansas; British Columbia and New Brunswick, Canada; Latvia, North Eastern Europe; Malaysia and Japan.</p> <p>Ciara is a staff member of SCS Global Services as a Senior Lead Auditor, Technical Associate and FSC Controlled Wood Program Manager.</p>		
Auditor name:	Dr. Sheila Steinberg	Auditor role:	Team Auditor
Qualifications:	<p>Dr. Steinberg is Professor of Social Sciences at Brandman University in Irvine, California where she serves as Faculty President. She completed her bachelor's at the University of California, Santa Barbara (Environmental Studies/Communication Studies); her master's at the University of California, Berkeley (Wildland Resource Science); and her doctorate at The Pennsylvania State University (Rural Sociology). Dr. Steinberg worked at Humboldt State University as a Sociology professor (2000-2013) and as Director of Community Research for the California Center for Rural Policy (2006-2010) where she conducted much research of community/environment interactions. Her research interests include community, socio-spatial research, GIS, applied sociology, research methods, ethnic communities, globalization, poverty, policy and environmental sociology. She has conducted field research in Nepal, Guatemala, New Mexico, Pennsylvania and California. The theme throughout this research has been the examination of people and their relationship to space and place. She has co-authored a chapter on this topic entitled "Geospatial Analysis Technology and Social Science Research." in the Handbook of Emergent</p>		

	Technologies, Sharlene Hesse-Biber, Editor, Oxford University Press 2011. Another publication is a book chapter entitled, "Global Women Superheroes: Place, Space and Action," in Chapter in: Women's Encounter with Globalization. Samir Dasgupta, R. Driskell, N. Yeates and Y. Braun (Eds.), London: Front Page Publishers 2010. In 2006, Dr. Steinberg co-authored a book for Sage Publications entitled, GIS for the Social Sciences: Investigating Space and Place and she is a co-author for GIS Research Methods (Esri Press 2015). Steinberg is co-editor for the book, Extreme Weather Health and Communities: Interdisciplinary Engagement Strategies (2016 Springer Press). Her research examines the intersection of community, people, place and the environment through a policy lens. Steinberg is President of the Irvine Rotary Club.
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3.2 Evaluation of Management System

3.2.1 Methodology and Strategies Employed

SCS deploys interdisciplinary teams with expertise in forestry, social sciences, natural resource economics, and other relevant fields to assess an FME's conformance to FSC standards and policies. Evaluation methods include reviewing documents and records, interviewing FME personnel and contractors, implementing sampling strategies to visit a broad number of forest cover and harvest prescription types, observing implementation of management plans and policies in the field, and collecting and analyzing stakeholder input. When there is more than one team member, each member may review parts of the standards based on her or his background and expertise. On the final day of an evaluation, team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant field observations, interviews, stakeholder comments, and reviewed documents and records. Where consensus among team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section and/or in observations.

3.2.2 Pre-evaluation

- A pre-evaluation of the FME *was not* required by FSC norms.
- A pre-evaluation of the FME was conducted as required by and in accordance with FSC norms.

3.3 Stakeholder Consultation Process

In accordance with SCS protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. Distinct purposes of such consultation include:

- To solicit input from affected parties as to the strengths and weaknesses of the FME's management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

- To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used. A public notice was sent to stakeholders at least 6 weeks prior to the audit notifying them of the audit and soliciting comments.

3.3.1 Stakeholder Groups Consulted

Principal stakeholder groups are identified based upon results from past evaluations, lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources. Stakeholder groups who are consulted as part of the evaluation include FME management and staff, consulting foresters, contractors, lease holders, adjacent property owners, local and regionally-based social interest and civic organizations, purchasers of logs harvested on FME forestlands, recreational user groups, tribal members and/or representatives, members of the FSC National Initiative, members of the regional FSC working group, FSC International, local and regionally-based environmental organizations and conservationists, and forest industry groups and organizations, as well as local, state, and federal regulatory agency personnel and other relevant groups.

3.3.2 Summary of Stakeholder Comments and Evaluation Team Responses¹

The table below summarizes the major comments received from stakeholders and the evaluation team's response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

The stakeholder consultation process for this audit was extensive. Sixteen company personnel were interviewed across the two FMUs. Thirty-two external stakeholders from the three-county region were interviewed in person or via phone. Several additional stakeholders submitted only written comments. External stakeholders were wide ranging: neighboring landowners, business leaders, community members, environmental activists, loggers, regulators, state biologists, and others.

Analysis of the interviews and written comments revealed a number of themes. Those themes are described below, along with illustrative quotations and responses from the SCS audit team. Every attempt has been made to keep all comments confidential in order to protect the identify of stakeholders.

¹ The Lost Coast League (LCL) has submitted multiple formal complaints to SCS as part of the FSC Dispute Resolution Process. Comments provided by LCL have been addressed through separate complaint investigations outside of this audit report.

Stakeholder Comment	SCS Response
<p>Comments were expressed about the company’s decision to pull out of the Habitat Conservation Plan for the MRC FMU. Comments included concerns that this decision will lead to fewer environmental protections. Stakeholders generally linked this decision with changes in company management.</p>	<p>The 2019 audit team discussed in detail with HRC-MRC managers and staff the circumstances that led to the company’s decision to terminate the HCP process for the MRC FMU; these interviews occurred with numerous company personnel and a wide range of external stakeholders. While significant resources had been invested during the multi-year HCP development process, the company’s decision was premised on the understanding that changing ecological conditions would likely not have allowed incidental take, which was the primary benefit of the HCP for the company.</p> <p>During field site visits, the audit team observed adequate environmental protections, including on the MRC FMU. These protections included the establishment of NSO core areas, marbled murrelet reserves, and riparian buffers for streams with anadromous fishes as HCVs. In addition, when forest operations take place where rare plant populations exist, rare plant equipment exclusion zones are established.</p> <p>Extensive surveys take place to determine the presence of RTE species prior to any activity that might cause disturbance to RTE species or their habitats. These are done for project-specific areas, as well as over larger general areas. Examples are listed in the FME’s management plan.</p> <p>No evidence was found by the 2019 audit team to suggest that protections are any less on the MRC FMU through using the project-</p>

	<p>based approach instead of an HCP. However, the impact of terminating development of the HCP on the implementation of the management plan for the MRC FMU will continue to be evaluated in future FSC audits and has been noted as such in the report section entitled <i>Special Instructions or Scoping Notes for Next Regularly Scheduled Annual Audit</i> (confidential Appendix 5— Required Tracking).</p>
<p>Widespread concern was expressed about the turnover of staff at the MRC FMU in the past year. Stakeholders stated that the company is losing skilled employees who have knowledge of the land and resources and who have built relationships with state agencies and communities. There was a commonly-held perception that the turnovers reflect a change in management direction and culture at the company.</p>	<p>The 2019 audit team reviewed total year-end employee figures for 2014 through 2018. The overall company has grown from 904 personnel in 2014 to 1,216 in 2018; during that period, the number of employees on the MRC FMU has increased from 63 to 75 in 2018. While the overall number of company personnel declined between 2017 and 2018 by 26 people, the number of employees at the MRC FMU has remained stable. Year-end figures for 2019 were not available.</p> <p>Although there has not been a significant change in the number of employees on the MRC FMU, the audit team takes note that the company has recently lost several personnel who had significant experience and knowledge of the forest resources on the FMU. The FME has backfilled these personnel changes by redistributing personnel across the two FMUs. Interviews with current personnel and regulators have demonstrated compliance with environmental protections during this transition period.</p> <p>While no evidence was found by the 2019 audit team to suggest that implementation of the forest management plans on either FMU are being hampered by the turnover of staff,</p>

	<p>it is an area that will continue to be evaluated in future FSC audits and has been noted as such in the report section entitled <i>Special Instructions or Scoping Notes for Next Regularly Scheduled Annual Audit</i> (confidential Appendix 5—Required Tracking).</p>
<p>Comments were expressed about how operators (i.e., LTOs) are treated by the FME. Stakeholder concern was expressed regarding pricing and negotiation tactics. There were also concerns expressed about the FME freezing contracts for a brief period in fall 2018.</p>	<p>Based on interviews with FME management and staff, as well as a review of sampled contracts, the majority of LTOs operating on the FMUs are locally-based on the North Coast. Reviewed agreements with LTOs appear to have industry standard contractual terms and requirements.</p> <p>The audit team is aware that last year the FME temporarily halted supply agreements. Based on interviews with the FME, it is the audit team’s understanding that this was an issue of oversupply relative to market demand and inventory of logs at the company’s mills. While the team recognizes that there was a community socio-economic impact, the situation was relatively short-lived and those contracts have since been reactivated.</p>
<p>FME field personnel were praised for their professionalism, communication abilities, and level of knowledge. Among these comments were some from neighboring landowners. The FME was applauded for keeping its shared roads in good condition.</p>	<p>The professionalism and knowledge of FME personnel was clearly evident during the audit team’s interactions with personnel.</p> <p>The comments contribute to evidence of conformance to Indicator 5.5.a, which requires that the FME identifies, defines and implements measures for maintaining and/or enhancing forest services and resources that serve public values, including recreation and aesthetics.</p>
<p>Concerns were expressed about the FSC certification process for the FME. There was a perception that FSC</p>	<p>SCS expends a very considerable amount of professional time in the due diligence</p>

<p>certification is serving as greenwashing and the FME is using it as cover to advance aggressive forest management.</p>	<p>(auditing) component of the FSC certification process. Further, it employs highly-credentialed auditors with substantial professional experience and direct experience in conducting FSC audits.</p> <p>As with all certification systems, not just FSC and not just in the forestry sector, conformity assessment bodies are paid by the entity undergoing a conformity assessment audit. However, there is a rigorous oversight process of the conformity assessment (certification) bodies—known as the accreditation process—which assures that audits are conducted without conflicts of interest and with a fastidious focus on confirming conformance (or non-conformance) to the certification standard.</p> <p>The SCS audit teams are expressly required to form judgments on the basis of the FSC-US National Standard for Forest Management. It is not uncommon that stakeholder input and perspectives are based upon what is believed to be in the Standard or what, in their opinion, should be in the Standard rather than what the normative requirements actually are.</p> <p>The SCS audit team, as well as the leadership of the SCS Forest Conservation Program, unambiguously rejects the assertion that SCS and/or FSC are engaged in “greenwashing” of this or any other forest management entity.</p> <p>SCS unambiguously rejects the allegation that FSC audits of HRC-MRC entail visiting only sites that the FME wants to show the audit team.</p>
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	<p>SCS further rejects the assertion that FSC certification is simply something that is purchased. The FSC Standard is rigorous, as is the conformity assessment. Further, all FSC conformity assessment bodies undergo continuous oversight by auditors employed by Accreditation Services International, to assure that audits are conducted with competence and integrity.</p>
<p>Several comments (positive and negative) were received about the condition of the FME’s forest road system, as well as road maintenance.</p>	<p>The 2019 audit team examined numerous roads and found nearly all to be in excellent condition. They were properly constructed and well maintained. The team did find one case of illegal trespass on a closed road, which resulted in damage to installed water bars (see Finding 2019.7 issued). The team also identified a site where erosion caused by a concentration of water associated with improperly functioning road erosion control structures, resulted in damage to the attributes of a Representative Sample Area (see Finding 2019.6 issued).</p>
<p>Some stakeholders expressed concerns about the level of protection for wildlife and streams on the FMUs. These concerns were noted primarily within the context of the company’s decision to forego the HCP for the MRC FMU.</p>	<p>Field site visits demonstrated that the FME is adequately protecting wildlife, streams, and other environmental attributes on the FMUs. Wildlife trees and WLPZ buffers were found to be appropriately protected in completed THPs. In some units, wildlife retention trees were marked with a ‘W’ to bring them to the attention of operators for retention. WLPZ buffers were flagged on the ground and located on harvest plan maps examined by the audit team. Site visits also included marbled murrelet nesting and NSO core protection areas, which were well protected. Contrary to assertions made by some stakeholders, the team did not note any trend of reduced protections for wildlife and streams.</p>

	<p>The FME acknowledges that in 2018 the HRC FMU did not meet NSO management Objective 2 (number of NSO pairs) or Objective 3 (reproductive rate). The reasons for not meeting these objectives, based on analysis by company biologists, is because of increasing numbers of barred owls, which is known to reduce the effectiveness of calling NSOs and displace NSOs from some areas. These are trends seen on other ownerships in the region. The FME did meet management Objective 1 (number of activity sites), with 126 total occupied activity sites including the 108 core sites. The HCP requires that a meeting between the FME, USFWS, and CDFW be held if Objective 1 is not met.</p> <p>NSO monitoring with respect to HCP management objectives is a topic that will continue to be evaluated in future FSC audits and has been noted as such in the report section entitled <i>Special Instructions or Scoping Notes for Next Regularly Scheduled Annual Audit</i> (confidential Appendix 5— Required Tracking).</p>
<p>Concern was expressed about the company’s use of herbicides, primarily “hack-and-squirt” of tanoak. Stakeholders noted potential for increased fire hazards from leaving dead standing tanoak trees and discussed the Mendocino County’s ordinance passed in 2016 that effectively banned hack-and-squirt.</p>	<p>The FME uses herbicides to control brush and hardwood competition with conifer regeneration. The audit team reviewed chemical use on both FMUs through interviews with company personnel, direct observation of sites with herbicide use, and review of chemical application records. The FME does not use any chemicals designated by the FSC as Highly Hazardous. The chemicals are applied according to the laws and regulations of the State of California including taking precautions to protect the health of pesticide applicators and the public. Written prescriptions are prepared and site-</p>

	<p>specific precautions are taken to both address worker safety as well as to protect non-target species.</p> <p>The FME evaluates all units to be treated for possible fire hazard prior to herbicide treatment. The audit team observed sites in which site-specific management activities were conducted to mitigate fire hazard risk, such as lopping and scattering slash. Buffers between treated sites and adjacent landowners were observed. The FME is developing fuel breaks in strategic locations to help to control wildfire.</p> <p>Experts who have been consulted in previous audits indicated that the dead and dying tanoak from herbicide treatments does not significantly impact fire hazard. Those previous consultations have shown that, based on fire behavior during wildfires that occurred on the MRC FMU in 2008, there was not a notable difference in fire behavior in adjacent stands treated vs. not treated with herbicides. In some cases, the fire was easier to control in the treated stands. The leaves of tanoak contain oils that make even the live tree prone to carry fire.</p> <p>The audit team did visit a site in Mendocino County along a county road where there had been controversy a few years ago over the visibility of a hack-and-squirt operation to control tanoak. Visual evidence from the road was no longer present, demonstrating the visual impact of dead tanoak on the viewshed was temporary, lasting just a few years.</p>
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	<p>Mendocino County passed an initiative in 2016, known as Measure V, which would have the effect of restricting pesticide use due to the potential to increase fire danger. MRC challenged the legal application of this ordinance to its land based on the argument that it was preempted by state laws covering agriculture and forestry activities. This matter has been under review by the Attorney General and County Counsel since the measure was passed. SCS has determined that this situation does not presently lead to a nonconformance to the FSC standard. FSC certification does require conformance to applicable laws and regulations, but in this case the validity of the ordinance has not been confirmed.</p> <p>After the conclusion of the 2019 audit, there was an indication that the Mendocino Office of the County Counsel has disagreed with MRC’s arguments, and has invited the company to discuss the issue. This is a new development in this dispute, but does not change the fundamental dynamic that the situation is not resolved. SCS will continue to monitor the case during future evaluations.</p>
<p>There is a perception among some stakeholders of more aggressive harvest practices occurring by the FME in the last few years.</p>	<p>Based on the audit team’s review of THPs and interviews with FME personnel, some THPs include more acres than THPs written in the past. However, the total harvest volume has remained consistent and substantially below the state approved sustained harvest levels. It was found that growth exceeds harvest on the forest over a 10-year rolling average, as required by the FSC standard.</p>
<p>Concerns were expressed about the security firm hired to manage trespassers during the Mattole River</p>	<p>While use of private security firms would ideally not be part of forest management in Humboldt County, or anywhere, the</p>

<p>watershed protests. The security firm was viewed as being overly aggressive.</p> <p>The SCS auditors also received lengthy written stakeholder correspondence pertaining to the July 2019 tree sitting civil disobedience. While the input provided does not constitute corroborated evidence of the FME violating the FSC-US Forest Management Standard, the audit team and other SCS personnel nonetheless examined in detail the entire July 2019 episode and engaged in extensive dialogue with FME personnel with an aim to assure that the company’s response to acts of civil disobedience are appropriate and not in violation of the certification standard.</p>	<p>unavoidable fact is that the company’s legal rights to manage their lands in conformance with applicable local, state, and federal regulations has been impinged upon (disrupted) by activists who have chosen to engage in civil disobedience involving trespass.</p> <p>The audit team, after careful review of the civil disobedience episodes that preceded the 2019 field audit, concludes that the FME acted within its legal rights when it retained a private security firm to work with the County Sheriff’s Office to remove the trespassers in order to resume forest management practices that have been carefully examined in multiple FSC audits over the past several years.</p>
<p>Concerns were expressed about the level of community engagement between the FME and local stakeholders. There was widespread concern that stakeholders were getting the “stiff arm” from the company and were not feeling engaged. There was a common perception that the FME’s efforts to consult with the community were disingenuous.</p>	<p>It is important to note that HRC-MRC deals with a very wide array of stakeholders, ranging from neighboring landowners to contractors to general members of the community to environmental activists, some of whom have elected to engage in acts of civil disobedience. The appropriate level of, and approach to, engagement is not the same across this wide spectrum of stakeholders.</p> <p>Interviews with leadership and upper level management of the FME suggest that the FME offers tours to interested parties from the community to learn about forestry and forest management practices on the FME owned resources. There have been cases where interested parties were not allowed to go on a pre-scheduled tour, but their tour was worked out to occur after the audit occurred.</p>

	<p>Based on interviews with stakeholders and an evaluation of the FME’s methods used for stakeholder engagement, the audit team sees opportunities for enhancing the effectiveness of that engagement and has issued an Observation to that effect (see Finding 2019.3). While it will not be an easy task, the company needs to take affirmative actions to improve the tenor and modes of interaction with environmental stakeholders, particularly those based on the North Coast.</p>
<p>Concerns were expressed regarding the degree of tribal engagement, including listening and the time allotted to respond to various requests and planned forest management activities. Stakeholders acknowledge that the FME does engage and meets the state requirements, but there are mixed experiences depending on the tribe. Furthermore, some stakeholders have the perception that tanoak resources important to Native Americans are being harmed through hack-and-squirt.</p>	<p>While the audit team concludes that the input received regarding tribal engagement does not warrant a formal finding, this is a topic area that will continue to be evaluated in future FSC audits and has been noted as such in the report section entitled <i>Special Instructions or Scoping Notes for Next Regularly Scheduled Annual Audit</i> (confidential Appendix 5—Required Tracking).</p>
<p>Comments were received praising the FME for economically supporting local communities. The FME was viewed as hiring local qualified applicants and being a linchpin in the economic fabric of the local region.</p>	<p>Interactions with FME management and staff and review of documents corroborate these comments and show evidence of conformance with Indicator 4.1.e. That indicator requires that the FME provide work opportunities to qualified local applicants and seeks opportunities for purchasing local goods and services of equal price and quality.</p>
<p>There were number of comments expressing concern over logging in the Mattole River watershed and the FME’s process for analysis of HCV in the THPs in the watershed. Comments that fall in this theme include those submitted by the Lost Coast League as part of its formal complaints, which are addressed outside of this audit report, as explained above.</p>	<p>These stakeholder comments are primarily tied to a formal complaint submitted by the Lost Coast League to SCS. In response, SCS investigated the allegations and provided an in-depth investigation report to the complainant on 8 October 2019.</p> <p>The 2019 FSC audit team spent significant field time in the Mattole River watershed specifically to examine allegations in the</p>

	<p>complaint. Of the three field days, one full day occurred in the Mattole Watershed with three of the four audit team members participating. Of the 39 sites in total visited during the audit, 12 were in the Mattole River watershed. These site visits included review of HCV protections of old growth Douglas-fir in the Long Ridge THP that confirmed the HCVs identified by the FME via LiDAR were adequately protected; the HCV was clearly buffered and unentered during the harvest. Legacy tree protections were reviewed and confirmed in the Long Reach THP in the watershed.</p>
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4. Results of Evaluation

4.1 Notable Strengths and Weaknesses of the FME Relative to the FSC P&C

Table below contains the evaluation team’s findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. Weaknesses are noted as Corrective Action Requests (CARs) related to each principle.

Principle / Subject Area	Identified Strengths Relative to Conformity to the Standard	Identified Weaknesses Relative to Conformity to the Standard
P1: FSC Commitment and Legal Compliance	FME employs full-time security personnel for both FMUs, which helps to minimize the number of illegal or unauthorized activities on the two FMUs. This demonstrates conformance for Indicator 1.5.a.	See Minor CAR issued against Indicator 1.5.b (Finding 2019.1).
P2: Tenure & Use Rights & Responsibilities	Maps reviewed during the audit corresponded to property boundaries in the field; boundaries were clearly marked on the ground, as verified by the audit team. This demonstrates conformance for Indicator 2.1.c.	No weaknesses detected.
P3: Indigenous Peoples’ Rights	Archeological surveys occur on each THP as part of harvest planning, and appropriate measures are taken to ensure that	No weaknesses detected.

	any discovered resources are protected. Managers show great sensitivity to this and have a good understanding of areas on the FMUs that have a high-probability of having cultural resources. FME foresters also receive training on the identification of archeological sites. This demonstrates conformance for Indicator 3.2.b.	
P4: Community Relations & Workers' Rights	The FME employees were seen wearing appropriate PPE and demonstrated a safe work environment. Harvest contracts require that the LTO operates in conformance with applicable law, including health and safety regulations. Logging crews were observed wearing appropriate PPE on active sites. Documentation provided by safety managers highlights the company's diligent focus on maintaining a safe working environment. This demonstrates conformance for Indicator 4.2.b.	See OBS issued Indicator 4.5.b (Finding 2019.3).
P5: Benefits from the Forest	On the HRC FMU, the Habitat Conservation Plan requires prescriptions to maintain or improve the condition of resources that serve public values, most notably the permanent protection of old growth trees and stands and fully functioning stream habitat for aquatic species including salmonids and watersheds for downstream neighbors. This demonstrates conformance for Indicator 5.5.a.	See OBS, issued against Indicator 5.3.b (Finding 2019.2).
P6: Environmental Impact	Evidence of the FME taking actions to minimize, avoid and/or mitigate the potential impacts of planned or past site disturbing activities is readily apparent. Examples include road rehabilitation including storm	See Minor CAR issued against Indicator 6.3.a.1 (Finding 2019.4); Minor CAR issued against Indicator 6.4.b (Finding 2019.5); Minor CAR issued against Indicator 6.4.c (Finding 2019.6); Minor CAR issued

	<p>proofing, rolling dips, water bars, dust abatement, road relocation, rocking stream crossings, culvert replacements to accommodate 100-year events, rocking culvert inlets and outlets, placement of harvest units to protect marbled murrelet conservation areas and northern spotted owl cores and buffers, increasing stream buffer widths for fire salvage operations, old growth retention practices, and scattered retention for snag recruitment. This demonstrates conformance for Indicator 6.1.c.</p>	<p>against Indicator 6.5.d (Finding 2019.7); OBS issued against Indicator 6.6.a (Finding 2019.8); OBS issued against Indicator 6.6.b (Finding 2019.9); Major CAR issued against Indicator 6.6.e (Finding 2019.13).</p>
<p>P7: Management Plan</p>	<p>The HRC FMU’s HCP is an extensive planning and monitoring document that ensures environmental safeguards are implemented. The HCP covers 17 species of listed RTE animals, and conservation measures for population and habitat protection. Conservation measures for rare and sensitive plant species are also covered in the HCP. This demonstrates conformance for Indicator 7.1.e.</p>	<p>No weaknesses detected.</p>
<p>P8: Monitoring & Assessment</p>	<p>The FME engages in an extensive and robust array of monitoring activities, most with sufficient documentation to inform management decisions over time. The strongest example of monitoring in accordance with a regular, comprehensive and replicable written protocol is the Habitat Conservation Plan on substantial portions of the HRC FMU. Other types of monitoring, such as related to aquatic/riparian issues in key watercourses are also quite developed and well documented on both the HRC and MRC FMUs. Additionally, the FME</p>	<p>No weaknesses detected.</p>

	makes available to the public many of the monitoring results on its website. This demonstrates conformance for Indicator 8.1.a.	
P9: High Conservation Value Forests	A review of existing HCVs on both HRC and MRC properties will be conducted when the two forest management plans are combined into one, which is planned for 2020. This demonstrates conformance for Indicator 9.4.A.	See Minor CAR issued against Indicator 9.1.b (Finding 2019.10); Minor CAR issued against Indicator 9.2.a (Finding 2019.11); OBS issued against Indicator 9.3.b (Finding 2019.12); Minor CAR issued against Indicator 9.3.a (Finding 2019.14)
P10: Plantations	NA	NA
Chain of Custody	All log loads leave the FMU with trip/load tickets, providing an audit trail for all material leaving the FMUs; this ensures that such material is documented as being 100% FSC certified. Trip/load tickets specify the FSC code and claim and accompany each load as it arrives to one of the mill. Trip tickets are submitted to the weighmaster for verification. This demonstrates conformance for Indicator 2.1.	No weaknesses detected.
Group Management	NA	NA

4.2 Process of Determining Conformance

4.2.1 Structure of Standard and Degrees of Nonconformance

FSC-accredited forest stewardship standards consist of a three-level hierarchy: principle, the criteria that correspond to that principle, and the performance indicators that elaborate each criterion. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each nonconformance must be evaluated to determine whether it constitutes a major or minor nonconformance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in nonconformance. The team therefore must use their collective judgment to assess each criterion and determine if the FME is in conformance. If the FME is determined to be in nonconformance at the criterion level, then at least one of the applicable indicators must be in major nonconformance.

Corrective action requests (CARs) are issued for every instance of a nonconformance. Major nonconformances trigger Major CARs and minor nonconformances trigger Minor CARs.

4.2.2 Interpretations of Major CARs, Minor CARs and Observations

Major CARs: Major nonconformances, either alone or in combination with nonconformances of all other applicable indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out before a certificate can be awarded. If Major CARs arise after an operation is certified, the timeframe for correcting these nonconformances is typically shorter than for Minor CARs. Certification is contingent on the certified FME’s response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor nonconformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Most Minor CARs are the result of nonconformance at the indicator-level. Corrective actions must be closed out within a specified time period of award of the certificate.

Observations: These are subject areas where the evaluation team concludes that there is conformance, but either future nonconformance may result due to inaction or the FME could achieve exemplary status through further refinement. Action on observations is voluntary and does not affect the maintenance of the certificate. However, observations can become CARs if performance with respect to the indicator(s) triggering the observation falls into nonconformance.

4.3. Existing Corrective Action Requests and Observations

Finding Number: 2018.1	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.4.a
Non-Conformity (or Background/ Justification in the case of Observations): The forest owner or manager understands the likely social impacts of management decisions and incorporates this understanding into management planning and operations.	

Corrective Action Request (or Observation): Effective stakeholder consultation is an ongoing challenge. It would be helpful for the FME to conduct a self-assessment of the companies' stakeholder consultation processes--including how the results of consultation inform planning and operations as well as the level of stakeholder satisfaction with the FME's stakeholder consultation methods--and to modify/enhance these processes, as appropriate.	
FME response <i>(including any evidence submitted)</i>	The companies have enhanced our stakeholder interaction tracking by developing an Excel spreadsheet that allows staff to easily access and accurately track stakeholder interactions throughout both FMUs. The spreadsheet is posted on SharePoint, which is available to internal managers. It can be filtered by the various attributes we track (company contact, FMU, date, location, subject, etc.). It also provides MRC-HRC an option to provide action or response taken by the companies so we can track our responses. The companies have reviewed our stakeholder consultation process and remain open to various forms of contact (as evidenced by stakeholder form).
SCS review	<p>The 2019 audit team reviewed the newly-implemented stakeholder interaction tracking spreadsheet. Attributes tracked for each input include the FME employee who receives input, subject of input, date and location, venue (letter, email, phone call, etc.), stakeholder information, primary and secondary topic, and action taken by the FME in response to the input. Interviewed staff explained that interactions with stakeholders are brought to the attention of managers, who log them in the spreadsheet. An additional component to strengthen the engagement is looping back with stakeholders on a consistent basis using different forms of communication beyond email. The spreadsheet is a first step to tracking interactions, and we encourage the continued use of this document that was just started this calendar year.</p> <p>Staff provided several examples of how HRC-MRC have addressed and made changes to on-the-ground management as a result of stakeholder consultation over the last few years. It is not clear that the changes in management that have occurred in response to stakeholder input have been communicated effectively to stakeholders and the larger community. The spreadsheet can be used to track such stakeholder feedback and reaction over time, as we've noted that stakeholder feedback is an ongoing process that should be continued and expanded.</p> <p>By developing and implementing this new stakeholder interaction tracking tool, HRC-MRC is better able to track input from and communication with stakeholders. This material improvement to its stakeholder consultation process warrants closure of the OBS.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.2	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	5.6.a
Non-Conformity (or Background/ Justification in the case of Observations): The landowners or manager calculates the sustained yield harvest level for each sustained yield planning unit. The sustained yield harvest level calculation is documented in the Management Plan.	
Corrective Action Request (or Observation): Conformity to this Indicator hinges on sustained yield calculations that are reasonably current and that rely on up-to-date inventory and growth/yield data. Greater priority and an accelerated pace in completing the forest inventories and updating the sustained yield analyses would better ensure ongoing conformity.	
FME response (including any evidence submitted)	The companies have engaged in a contract with a well-known inventory consultant, Terra Verde, to complete a full re-inventory of both MRC and HRC forestlands. At present, 6,054 of 25,759 plots have been cruised (23.5% complete). MRC estimates completion of plots and full development of the re-cruised MRC inventory in late fall or winter of 2020; cruise effort will transition to HRC after MRC cruising is complete.
SCS review	<p>The 2019 audit team discussed at length with HRC-MRC managers and staff the sustained yield harvest levels for the two FMUs. HRC operates under a Sustainability Analysis that was developed under the property’s previous landowner, PALCO. MRC operates under an Option A that was approved by CAL FIRE in 2006. As verified by staff, progress continues to be made on the new forest inventory, and the companies continue to make a substantial investment in the project. HRC-MRC is planning to conduct forest modelling at the ownership level after new forest inventories of both FMUs are completed, at which point the sustained yield harvest level for the ownership will be calculated. The inventories and subsequent modelling are expected to be completed within 4 to 5 years.</p> <p>Since HRC-MRC’s forest inventory is on track and the company has a plan for modelling and updating the sustained yield analyses for the FMUs, the requirements included in this OBS have been met and the finding has been closed.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.3	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.2.a
<p>Non-Conformity (or Background/ Justification in the case of Observations):</p> <p>If there is a likely presence of RTE species on the FMU, then either a field survey to verify the species' presence or absence is conducted prior to site-disturbing activities or management is planned and takes place with the presumption that potential RTE species are present.</p> <p>For several years, MRC managers were developing a multi-species Habitat Conservation Plan that, when completed, would more than adequately demonstrate conformance to Indicator 6.2.a. However, between the 2017 and 2018 surveillance audits, company managers decided to abandon the HCP initiative for the MRC forest management unit. Company managers intend to comply with federal and state endangered species regulations through project-specific environmental assessments—the approach employed prior to the decision to develop an HCP.</p> <p>The SCS auditors recognize that HCPs are neither mandatory nor the only means by which RTE species can be protected in a manner that demonstrates conformity to this Indicator. However, the decision to abandon the HCP initiative is viewed by some state and federal regulatory personnel as a missed opportunity to forge a more collaborative relationship with the forest managers. And from the perspective of FSC certification, a reversion to a project-specific (THP) approach to assuring compliance with federal and state RTE regulations places renewed reliance on project-level assessment and protection measures that will merit careful consideration in future audits</p>	
<p>Corrective Action Request (or Observation):</p> <p>(Follow-up Observation to NRC 04/17—A 2017 Observation issued by Rainforest Alliance to MRC)</p> <p>Now that the multi-species HCP initiative for the MRC FMU has been abandoned, protection of the Northern Spotted Owl and other RTE species relies on project specific analyses and protection measures. While project specific protection measures can be effective, if properly designed and executed, concerns over the FME's protection measures for RTE species are understandably elevated on the part of environmental stakeholders and some regulatory agency personnel. The FME's effectiveness at demonstrating adequate protection of RTE species will be a focus of attention as part of the next certification audit.</p>	

<p>FME response <i>(including any evidence submitted)</i></p>	<p>MRC recognizes concerns expressed by auditors, regulatory agencies, and other stakeholders regarding the decision to move away from the HCP/NCCP process after having spent so much time on it. The decision was not made lightly, nor in haste, but after careful consideration of the many factors involved and the changing landscape after 10 years of negotiation with the federal and state agencies on species protection and mitigation. For example, since the time when HCP/NCCP discussions first began to the present, there has been a significant change in the region regarding the status of the northern spotted owl population and protection measures. During this time, the barred owl invasion has caused northern spotted owl site occupancy and reproduction to crash across the range of the species, regardless of conservation strategy. As a result, landscape-level approaches to spotted owl management, like HCPs and NCCPs, have been seriously compromised, and both the agencies and MRC came to the conclusion that spotted owl management has been altered to the extent that very little to no incidental take is possible, and a project-specific approach to conservation may be required to conserve the species.</p> <p>That said, MRC continues to conduct thousands of surveys across the property each year to locate and protect spotted owls using the most current federal and state-mandated conservation measures. Current conservation measures exceed those required under past measures (Spotted Owl Resource Plan). MRC biologists and foresters work closely with CAL FIRE and California Department of Fish and Wildlife (CDFW) representatives to protect spotted owls, and other species, as their presence is encountered on MRC lands. For example, MRC is currently working with CDFW on protection measures for foothill yellow-legged frogs (a state candidate for listing) and is continuing surveys of potentially suitable habitat for marbled murrelets (a state and federally listed species). In addition, MRC continues to work with stakeholders like Trout Unlimited on restoration of habitat for state and federally listed salmonids.</p>
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<p>SCS review</p>	<p>The 2019 audit team discussed in detail with HRC-MRC managers and staff the circumstances that led to MRC’s decision to move away from the HCP process; these interviews occurred with numerous company personnel and a wide range of external stakeholders. While significant resources had been invested during the 12-year HCP development process, the company’s decision was premised on the understanding that changing ecological conditions would likely not have allowed incidental take, which was the primary benefit of the HCP for the company.</p> <p>During field site visits, the audit team observed adequate protection of RTE species on both FMUs. These protections include the establishment of NSO core areas, marbled murrelet reserves, and riparian buffers for streams with anadromous fishes as HCVs. In addition, when forest operations take place where rare plant populations exist, rare plant equipment exclusion zones are established.</p> <p>Extensive surveys take place to determine the presence of RTE species prior to any activity that might cause disturbance to RTE species or their habitats. These are done for project-specific areas, as well as over larger general areas. Examples are listed in the FME’s management plan.</p> <p>Several projects to restore, maintain, and enhance underrepresented ecosystems on the FMU were observed during the audit. One of the main purposes of these projects is to provide habitat and protection for RTE wildlife and plant species.</p> <p>HRC-MRC has demonstrated adequate protection of RTE species through its project-specific analyses and protection measures on the MRC FMU, which warrants closure of this OBS.</p>
<p>Status of CAR:</p>	<p><input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i></p>

<p>Finding Number: 2018.4</p>	
<p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p>	
<p>FMU CAR/OBS issued to (when more than one FMU):</p>	
<p>Deadline</p>	<p><input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):</p>
<p>FSC Indicator:</p>	<p>6.3.d</p>

<p>Non-Conformity (or Background/ Justification in the case of Observations): A 3-acre stand of pure tanoak observed during the site visit in the Mattole watershed had been frilled in order to convert the stand to Douglas fir in the overstory. That is, for this site, management practices were not maintaining or enhancing plant species composition similar to what would naturally occur on the site.</p>	
<p>Corrective Action Request (or Observation): The FME must modify, with appropriate documentation, its forest management objectives and practices so as to assure conformance with Indicator 6.3.d—that management maintain or enhance plant species composition, distribution and frequency of occurrence similar to those that would naturally occur on a site.</p>	
<p>FME response (including any evidence submitted)</p>	<p>Page 7 of the new <i>Vegetation Management Plan</i> addresses this CAR: “The second policy change is a new requirement for foresters to assess all areas with potential for herbicide treatment <u>to maintain ecologically viable hardwood areas that function to maintain or enhance plant species composition, distribution, and frequency of occurrence similar to those that would naturally occur on site. Companies have established a minimum contiguous area of dominant species to qualify for this protection: ten acres for tanoaks and five acres for madrone or chinquapin.</u> The minimum area sizes were determined by Companies’ best judgment on size and function of hardwood species areas observed on the landscape, and will be reviewed and revised if further information or research indicates a need for revision. <u>The intention of this policy shift is to identify and retain areas of native hardwoods that did not result from previous management actions. If the areas meet the additional criteria listed below; they will remain untreated for the life of the stand.</u>”</p> <p>Page 7 of the new <i>Vegetation Management Plan</i> also outlines the following additional criteria:</p> <ul style="list-style-type: none"> (a) Hardwoods are greater than 80% in the tree canopy. (b) Evidence of successful regeneration of hardwoods exists. (c) Conifer cover is less than 20% of the tree canopy. (d) Brush species in the shrub layer are less than 20% cover. (e) (i) Absence of previous management for conifer timber production or (ii) assessment that fire exclusion is the main cause of current stand conditions.

SCS review	<p>The 2019 audit team reviewed the <i>Vegetation Management Plan</i> that HRC-MRC released earlier this year. It describes the companies' Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan. As outlined in the FME's response above and verified during the audit team's review of the <i>Vegetation Management Plan</i>, company foresters are now required to assess all areas being considered for possible herbicide treatment for the purpose of maintaining ecologically viable hardwood areas that function to maintain or enhance plant species composition, distribution, and frequency of occurrence similar to those that would naturally occur on site. To qualify for this protection, the companies have established minimum size thresholds for contiguous areas of dominant species—10 acres for tanoak and 5 acres for madrone or chinquapin. Discussion with FME staff clarified that these thresholds are guidelines and flexible based on local stand conditions (i.e., thresholds could be less than or greater than these acreages). The 3-acre stand that led to this Minor CAR in 2018 was also visited during the 2019 field audit.</p> <p>By modifying its forest management objectives and practices for hardwood areas to assure maintenance or enhancement of plant species composition, distribution and frequency of occurrence similar to those that would naturally occur on a site, as described in the <i>Vegetation Management Plan</i>, HRC-MRC has fulfilled the requirements included in this CAR. The finding has been closed.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.5	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.4.a
Non-Conformity (or Background/ Justification in the case of Observations):	
<p>The forest owner/manager must document the ecosystems (in size from tens of acres to thousands of acres) that would naturally occur on the FMU as part of the broader requirement to assess the adequacy of their representation and protection in the landscape. A current list of naturally occurring ecosystems on the FMU was not provided to the audit team. It is the audit team's understanding that the FME has not listed pure stands of tanoak as a naturally occurring ecosystem, though examples of such ecosystems are present on the FMU.</p>	

<p>Corrective Action Request (or Observation): The FME must compile and convey to SCS an updated and comprehensive list of naturally occurring ecosystems found on the two FMUs covered by this FSC FM certificate, consistent with the definition in the glossary that “ecosystems” can be from “tens to thousands” of acres in size.</p>	
<p>FME response (including any evidence submitted)</p>	<p>HRC-MRC prepared a report for the audit team. This document, which is available on the HRC-MCR website, was verbally summarized during the opening meeting of the audit.</p> <p>The RSA analysis showed that the MRC ownership is dominated by California Coastal Redwood Forest (CES 206.921) in all three external datasets, covering 90% of the ownership on average (Table 1). Only two other systems covered enough area to not qualify as an outlier ecosystem, Mediterranean California Mixed Evergreen Forest (CES 206.919, 1.9% of the ownership on average) and Mediterranean California Dry-Mesic Mixed Conifer Forest and Woodland (CES 206.916, 1.3% of the ownership on average). Thirty vegetated outlier systems were found on MRC land covering a combined 7.1% of the ownership on average.</p> <p>HRC only has ten categories of existing protection covering more than 40,000 acres (Table 4). As with MRC, the vast majority of protected acres are dedicated to the retention and recruitment of late seral conifer systems. The remaining areas include 5,000 acres of protected grasslands, nearly 700 acres of protected oak woodlands, and five acres of newly discovered bishop pine (<i>Pinus muricata</i>) forest. HRC features a more dichotomous distribution of forest types with Mediterranean California Mixed Evergreen Forest encompassing 50% of the ownership on average and California Coastal Redwood assigned to 40% of the ownership on average. The former is comprised primarily of Douglas-fir (<i>Pseudotsuga menziesii</i>) associations that include a variety of evergreen hardwood components, while the latter is primarily coast redwood (<i>Sequoia sempervirens</i>) / Douglas-fir or coast redwood / tanoak (<i>Notholithocarpus densiflorus</i>) associations. The remaining area is comprised of 31 outlier ecosystems.</p>

<p>SCS review</p>	<p>The 2019 audit team reviewed the <i>Mendocino and Humboldt Redwood Companies Representative Sample Area Analysis</i> report and interviewed the report’s author and other FME personnel. Using three datasets from NatureServe and LANDFIRE and the inventory data used in the most recent revisions of HRC and MRC forest management plans, the analysis involved overlaying the locations of naturally occurring ecosystems across the two FMUs and comparing this with existing RSA designations.</p> <p>The report includes tables for each FMU with the total forestland acreage by ecosystem type by data source. There are also tables with the total forestland acreage for each FMU that are designated as HCVs and/or RSAs. The new forest inventories for the two FMUs (referred to in Finding 2018.2) include several additional projects aimed to further improve the FME’s ability to delineate and monitor areas under HCV and RSA designations; these additional projects include programmatic ecosystem and seral stage assignment based on new inventory data, reassessment of existing RSAs where mapping may not adequately reflect what is reported by the new inventory effort, and improved assessments of RSAs protected in the region outside the FMUs. The only newly discovered ecosystem in the analysis was 5 acres of bishop pine forest.</p> <p>The RSA analysis was completed in a technically competent manner and fulfills the requirements included in this CAR. The finding has been closed.</p>
<p>Status of CAR:</p>	<p><input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)</p>

Finding Number: 2018.6	
<p>Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation</p>	
<p>FMU CAR/OBS issued to (when more than one FMU):</p>	
<p>Deadline</p>	<p><input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):</p>
<p>FSC Indicator:</p>	<p>6.4.d</p>
<p>Non-Conformity (or Background/ Justification in the case of Observations): The RSA assessment (addressed in Indicator 6.4.a) shall be periodically reviewed and if necessary updated at a minimum of every 10 years.</p>	
<p>Corrective Action Request (or Observation): From a workload planning standpoint, the FME is reminded that RSA assessments are to be updated at a minimum of every 10 years.</p>	

FME response <i>(including any evidence submitted)</i>	HRC-MRC prepared a report for the audit team. This document, which is available on the HRC-MCR website, was verbally summarized during the opening meeting of the audit. The results of the RSA report will be included in the FMP revision and is considered to be part of the current FMP for both MRC and HRC. The FMP is planned for complete review and revision at least every 10 years.
SCS review	<p>The 2019 audit team reviewed the <i>Mendocino and Humboldt Redwood Companies Representative Sample Area Analysis</i> report and interviewed the report’s author and other FME personnel. The report serves as an RSA update. As described in SCS’s review of Finding 2018.5 above, the new forest inventories for the two FMUs include several additional projects aimed to further improve the FME’s ability to delineate and monitor areas under HCV and RSA designations, including programmatic ecosystem and seral stage assignment based on new inventory data, reassessment of existing RSAs where mapping may not adequately reflect what is reported by the new inventory effort, and improved assessments of RSAs protected in the region outside the FMUs. The RSA report was a thorough review of the ecosystems present on the forest, and the analysis completed previously to identify gaps in underrepresented ecosystems was utilized to see if any new or additional areas should be added. Based on this analysis, the company added one 5-acre area of bishop pine forest.</p> <p>The RSA analysis completed by HRC-MRC fulfills the requirements included in this CAR, and the finding has been closed.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.7	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.5.d
Non-Conformity (or Background/ Justification in the case of Observations):	
The transportation system is to be designed, constructed, maintained, and/or reconstructed to reduce short and long-term environmental impacts including control/prevention of sediment discharge into streams as well as free upstream and downstream passage for aquatic organisms.	

Corrective Action Request (or Observation):	
<ul style="list-style-type: none"> • Potential impact of smooth culverts on upstream movement of “climbing” aquatic species is unknown and, as such, investigating this issue would be helpful in assuring conformance to this Indicator • It is our impression that consistent adherence to road closures (for road-legal vehicles) is not rigorously followed • At the time of the audit (September), there was insufficient ability to properly water roads as the company water truck was inoperable and contractor water trucks were all engaged in fire suppression activities elsewhere in the state, only heightening the importance of having at least one properly functioning company water truck during logging season. 	
FME response <i>(including any evidence submitted)</i>	Contract specifications require contractors to conduct dust abatement. Contract management addresses this requirement. It is speculative to assert smooth culverts inhibit aquatic species through a culvert as compared to other forms of culvert. All culvert installations on fish bearing streams are covered under a 1600 permit and the plans and installations are reviewed by CDFW to provide adequate mitigation to accommodate fish migration.
SCS review	<p>During discussion with FME managers and staff, the 2019 audit team clarified that installation of culverts, including the type questioned in this OBS, undergo a cumulative effects analysis. That analysis is reviewed and signed off by all relevant state agencies. Through the plan review and 1600 processes review and inspection program, any problems agency staff may have about a culvert installation would be presented to the FME staff. The FME is unaware of any concern by these state agencies or others about the use of the smooth culverts.</p> <p>During field site visits, it was evident that main haul roads had been regularly watered. Several water trucks were observed being actively used on both FMUs, including refilling at drafting sites. The audit team had no concerns about dust abatement practices during field site visits.</p> <p>With respect to consistent adherence to road closures described in this OBS, the audit team found evidence of illegal trespass on closed roads. As a result, this OBS has been upgraded to a Minor CAR (see Finding 2019.7).</p>
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2018.8	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input checked="" type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.6.b
<p>Non-Conformity (or Background/ Justification in the case of Observations): From the Rainforest Alliance 2017 audit report for the MRC property: There is no clear written strategy to guide consistent implementation of herbicide strategies across the entire property. This is especially important with multiple staff interpreting and implementing these activities. Based on staff interviews, there were some different approaches and understanding of strategies between different staff members (e.g. internal policy on buffers along boundaries and county roads).</p> <p>As of the date of the 2018 audit, over a year after RA raised the non-conformity against Indicator 6.6.b, the FME had not yet completed and begun to implement the requested Vegetation Management Plan. As such, the certification body (now SCS), is obligated to replace the 2017 Finding with a new Major Non-Conformity.</p> <p>Stakeholder input received during the 2018 audit revealed ongoing concern by community members in both Mendocino and Humboldt Counties about HRC/MRC’s ongoing high levels of use of herbicides, primarily in relation to control of tanoak.</p> <p>A review by the audit team of HRC/MRC’s current and projected use levels revealed that under current plans it will be several decades before a substantial reduction in used levels is realized.</p>	
<p>Corrective Action Request (or Observation): The FME must: a) adopt new and/or modify current strategies and associated timeframes so as to more effectively demonstrate a commitment, in the nearer and longer terms, to avoiding (i.e., reducing) use of chemical pesticides, b) complete and make publicly available the Vegetation Management Plan (VMP) covering both FMUs, c) within the VMP, clearly indicate to the reader the FMU-specific time frames within which the company expects to be able to demonstrate a substantial reduction in the use of herbicides to reduce tanoak presence in the FMUs. The VMP must be responsive to and compatible with the pertinent findings in the Lost Coast League, et al, Complaint Investigation Report.</p>	
FME response (including any evidence submitted)	On February 28, 2019, a completed version of the Humboldt and Mendocino Redwood Companies Vegetation Management Plan (VMP) was conveyed to SCS. On March 27, 2019, a slightly revised version of the VMP was conveyed to SCS along with evidence of a VMP roll-out training event attended by 12 HRC/MRC field foresters, held on March 19, 2019.

<p>SCS review</p>	<p>A review of the revised/completed VMP by the 2018 SCS Lead Auditor revealed that substantial changes have been incorporated into the Plan that are clearly responsive to the corrective action request:</p> <ul style="list-style-type: none"> a) Two new vegetation management strategies (policy changes) have been developed and incorporated into the VMP, both designed to reduce the level of herbicide use <ul style="list-style-type: none"> a. A shift from standard (distributed retention within Variable Retention silviculture to aggregate retention b. A new requirement for company and contract foresters to assess all areas with potential for herbicide treatment to maintain ecologically viable hardwood areas—when laying out harvest units—that function to maintain or enhance plant species composition, distribution and frequency of occurrence b) A numerical table has been inserted that shows average annual herbicide use levels (measured in pounds per year) for 5-year periods starting with 2016-2020. The table shows that herbicide use levels are expected to decrease in the 2021-2025 time period by 59% compared to the prior 5-year period. Average annual use levels in the 2026-2030 time period are projected to decrease by 79% compared to the prior (second) time period. Between the first and third 5-year time periods, average annual herbicide use is projected to decrease by 88%. SCS considers this to be a very substantial improvement compared to projected use levels made available to the audit team at the time of the 2018 surveillance audit. c) The revised VMP has made publicly available (by posting it on the companies’ web site) on April 1, 2019: https://www.hrcllc.com/herbicides d) The changes are found to be compatible with the pertinent findings in the Lost Coast League complaint investigation report. <p>For these reasons, we conclude that closure of this Corrective Action Request is warranted.</p>
<p>Status of CAR:</p>	<p><input checked="" type="checkbox"/> Closed on 22 April 2019 <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i></p>

Finding Number: 2018.9	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.6.e
Non-Conformity (or Background/ Justification in the case of Observations): In dialogue during the 2018 audit, FME personnel acknowledged that monitoring activities to assess the efficacy and possible collateral effects of chemical herbicide use are informal and largely anecdotal.	
Corrective Action Request (or Observation): The FME must design, document and implement a structured/focused monitoring program for understanding the effects (intended and unintended) of chemical herbicide use on the two FMUs.	
FME response (including any evidence submitted)	See attached 2019 Silviculture Monitoring Plan attached. Plots will be placed fall/winter of 2019.
SCS review	<p>The 2019 audit team reviewed the <i>2019 Silviculture Monitoring Plan</i> and the <i>Vegetation Management Plan</i> (referred to in Finding 2018.4), as well as interviewed FME management and staff who developed those plans. The <i>Silviculture Monitoring Plan</i> describes a study to be initiated in 2019 in which the companies will evaluate how different herbicide regimes influence seedling growth response and competing vegetation development.</p> <p>Pages 28-31 of the <i>Vegetation Management Plan</i> describe the companies' vegetation management effectiveness monitoring plan. Under this plan, the FME's management team will annually determine which monitoring programs to implement in that year. This will be based on which monitoring programs provide "the best value to the business and the resource" (page 29). Companies will also annually monitor the effectiveness of herbicide treatments in the previous year. Potential monitoring programs outlined in the plan include monitoring associated with pre-submittal of THP silviculture prescriptions, stocking surveys, free-growing surveys, harvesting, herbicide treatment for site preparation, seedling production, seedling storage and transportation, planting, and planted stand performance.</p> <p>While the FME has designed and documented a structured/focused monitoring program for understanding the effects of chemical herbicide use on the two FMUs, the plan has not yet been implemented as required by the CAR. As a result, this CAR has been upgraded (see Finding 2019.13).</p>
Status of CAR:	<input type="checkbox"/> Closed <input checked="" type="checkbox"/> Upgraded to Major at the time of SCS quality review <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.10	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	8.2.a.1
Non-Conformity (or Background/ Justification in the case of Observations): There remain opportunities to improve the robustness of the inventory systems, particularly on the MRC FMU where a property-wide re-inventory has not been proceeding at a pace originally intended by forest managers.	
Corrective Action Request (or Observation): Efforts to accelerate the pace for completing new forest inventories for both the MRC and HRC forest management units would strengthen conformance to this Indicator and reduce the likelihood of a non-conformity relative to this Indicator in future audits.	
FME response (including any evidence submitted)	Companies have engaged in a contract with a well-known inventory consultant, Terra Verde, to complete a full re-inventory of both MRC and HRC forestlands. The original contract for MRC inventory was signed on 9 March 2018. The HRC inventory and the site index work was added in an addendum executed on 2 July 2018. At present, 6,054 of 25,759 plots have been cruised (23.5% complete). MRC estimates completion of plots and full development of the re-cruised MRC inventory in late fall or winter of 2020; cruise effort will transition to HRC after MRC cruising is complete.
SCS review	See SCS review for Finding 2018.2 above.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.11	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	9.1.a

<p>Non-Conformity (or Background/ Justification in the case of Observations): One finding of the LCL, et al, complaint investigation (that was undertaken by the auditors on September 11th as an adjunct to the surveillance audit; the full investigation report is available upon request from SCS) was that HRC’s HCV assessment of their properties in the Mattole merited an update, in response to the complainants’ assertion that there are other areas in the Mattole that possess the same attributes as found within the 202-acre area that HRC has designated as HCV.</p>	
<p>Corrective Action Request (or Observation): The FME must undertake an updated assessment for the presence of high conservation values (per the FSC definition) on its lands within the Mattole watershed. The results of the updated HCV assessment must be shared with the Lost Coast League, et al, complainants.</p>	
<p>FME response (including any evidence submitted)</p>	<p>On 13 May 2019, HRC conveyed to SCS a 16-page undated document entitled: Mattole River Watershed High Conservation Value Forest Assessment. This document was submitted well in advance of the 12-month deadline for closing this Minor CAR because of HRC’s intent to re-enter their Mattole landholdings to conduct commercial forest management activities during the summer of 2019.</p> <p>On 8 July 2019, HRC conveyed to SCS a revised HCVF assessment document for the Mattole watershed, entitled: Mattole River Watershed Assessment, Mendocino-Humboldt Redwood Companies, July 3, 2019. Follow-up telephone discussions about this new assessment document took place between SCS and HRC staff.</p> <p>On 22 July 2019, HRC conveyed to Mattole stakeholders the HCVF assessment document for the Mattole Watershed and requested confirmation that the proposed HCVF locations and their attributes have been accurately identified (note – all information received before June 1, 2019 was considered in the attached assessment).</p> <p>Attached report Mattole_HCVF_input_report documents the outcome of the stakeholder input request.</p>

<p>SCS review</p>	<p>HRC’s May 13th written response was reviewed/assessed by SCS personnel and the following conclusions were reached:</p> <ul style="list-style-type: none"> • It is difficult to determine, in the document submitted to SCS in response to this CAR, what actions were taken subsequent to issuance of this CAR. The majority of the 16-page document focuses on HCVF-related events and activities that preceded the 2018 audit and the issuance of CAR 2018.11. It is relatively clear that first 7+ pages of the document constitute a historical overview of HCV-related activities prior to the 2018 audit; it is less clear how much of the final 7 pages of text pertain to corrective activities undertaken following issuance of CAR 2018.11. It is even less clear what portions of the final 7 pages pertain to areas within the Mattole that stakeholders including the complainants believe meet the FSC definition of high conservation value forest. • On the basis of a careful reading of the Mattole HCVF document submitted by HRC, it appears that HRC’s response to CAR 2018.11 has been limited to a desk-based assessment with no additional supporting field work. • Throughout the document, there are future tense statements (“we will complete on the ground assessments prior to timber harvesting”, “the final assessment will be made,” “on the ground review will occur prior to any operations,” etc.). Again, there apparently was no on-the-ground component of HRC’s response to CAR 2018.11. • HRC apparently engaged in no communication/consultation with the Mattole residents, some of whom are also complainants, subsequent to issuance of this CAR. That is, HRC has not engaged in additional consultation with key stakeholders in the Mattole as part of the updated HCVF assessment. We also note that in recent statements to the press, the complainants assert that no one from HRC has made contact with them since the 2018 audit. • In the cover email transmitting its response to CAR 2018.11, HRC is asking SCS to forward the updated HCV assessment for the Mattole River watershed to the complainants. <p>Conclusions:</p> <ul style="list-style-type: none"> • Because the corrective actions undertaken to date by HRC in response to CAR 2018.11 have not included additional field work nor additional consultation with stakeholders including the complainants, we conclude that the requested HCV update has not been fully and adequately completed. • Because CAR 2018.11 expressly requires that HRC share the results of the updated HCVF assessment with the Lost Coast League, et al (the complainants), HRC requesting SCS to act as the intermediary does not constitute an adequate corrective action. <p>For these reasons, there is not at present a sufficient basis for closing CAR 2018.11.</p>
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	<p>July 17 update:</p> <p>HRC’s July 8th submittal was reviewed/assessed by SCS personnel with the following conclusions:</p> <ul style="list-style-type: none"> • The revised HCVF assessment document constitutes a substantive advancement over the prior (May 13) submission. The revised assessment document much more effectively and extensively describes the approach and methodology that was employed to determine the possible presence of high conservation values—as defined by the FSC-US National Forest Stewardship Standard and supporting documents. • We conclude that HRC’s approach built around utilization of LiDAR imagery coupled with “ground truthing” and consideration of input from interested stakeholders constitutes an appropriate means for identifying areas within the company’s ownership in the Mattole River watershed that should be designated as and managed for the maintenance of high conservation values, as defined by the FSC. • The log of interactions with members of the public and the press now incorporated into the revised HCVF assessment document is helpful but many if not most of the entries in the log do not, in our judgment, constitute evidence of stakeholder consultation as defined by the FSC, particularly with respect to the question of HCVF areas within the Mattole watershed. As an example, interactions with members of the press do not, in our judgment, constitute “stakeholder consultation” as defined by the FSC. • Through telephone discussion, it was confirmed that HRC has still yet to engage in consultative dialogue with the Mattole residents, some of whom are also complainants in a formal complaint sent to SCS in July 2019, subsequent to issuance of this CAR. That is, HRC has not engaged in additional consultation with key stakeholders in the Mattole as part of the updated HCVF assessment. <p>Conclusion:</p> <p>Because: a) CAR 2018.11 expressly requires that HRC share the results of the updated HCVF assessment with the Lost Coast League, et al (the complainants) and, b) subsequent email correspondence between SCS and HRC confirmed that additional stakeholder consultation was required (particularly, with LCL), we conclude that there still remains an insufficient basis for closing CAR 2018.11. Specifically, HRC must undertake additional consultation, at a minimum with the complainants, Lost Coast League, et al.</p> <p>2 October 2019 update:</p> <p>The 2019 audit team verified that on 22 July 2019, HRC emailed the HCVF assessment document for the Mattole watershed (version date: 3 July 2019) to the</p>
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	<p>primary contacts of the LCL. The email included a request for input with a 9-day deadline in order to be included as part of the companies' response to this CAR for the 2019 reassessment audit. A follow-up email was sent from the FME to the primary contacts of the LCL on 25 July 2019 clarifying that input on the HCV assessment would be welcome at any time. The LCL provided written input on the HCV assessment in response to the 22 July 2019 email. In the audit team's assessment, the actions undertaken in response to this CAR and the requirements of Indicator 9.1.a have been completed and are considered adequate to warrant closure of this CAR.</p> <p>Additionally, the 2019 FSC audit team spent significant field time in the Mattole River watershed specifically to review HCV protections. Of the three field days, one full day occurred in the Mattole Watershed with three of the four audit team members participating. Of the 39 sites in total visited during the audit, 12 were in the Mattole River watershed. These site visits included review of HCV protections of old growth Douglas-fir in the Long Ridge THP that confirmed the HCVs identified by the FME via LiDAR were adequately protected; the HCV was clearly buffered and unentered during the harvest.</p> <p>The audit team has, however, raised two new findings pertaining to the HCV assessment under separate Indicators (see Findings 2019.10 and 2019.11). These separate findings pertain to the process of consulting with additional stakeholders (beyond LCL) as well as external experts when identifying and confirming the locations and maintenance of proposed HCVs on the two FMUs.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.12	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	9.3.a
Non-Conformity (or Background/ Justification in the case of Observations): The management plans and relevant operational plans should describe the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas, including the precautions required to avoid risks or impacts to such values.	

Corrective Action Request (or Observation): The HRC and MRC forest management plans could more effectively/explicitly present the necessary measures to assure maintenance and/or enhancement of all HCVs (e.g., this is missing for Long Ridge in the Mattole)	
FME response <i>(including any evidence submitted)</i>	MRC/HRC acknowledges this weakness and has provided an update in the Long Ridge HCVF management section of the HCVF assessment. Companies anticipate revising and combining management plans in 2020 and will include this update in the new version.
SCS review	FME management and staff acknowledge that the most appropriate time to outline measures to assure maintenance and/or enhancement of all HCVs will be during the consolidation of the HRC and MRC forest management plans, which is planned for 2020. Since no action to address this OBS has occurred except for an update to the Long Ridge HCV management section of the HCV assessment, and since the 2020 consolidation of the FMPs is the most appropriate time to address this weakness, the OBS has been upgraded to a Minor CAR (see Finding 2019.14).
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018.13	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	9.4.a
Non-Conformity (or Background/ Justification in the case of Observations): At present, and as acknowledged in dialogue with members of the audit team, the results of monitoring of HCVs, beyond anecdotal references, are not being systematically documented.	
Corrective Action Request (or Observation): The FME must incorporate into its forest management plans, or other relevant management documents that are publicly available (per FSC Criterion 8.5), documentation of the results of monitoring of the status of identified HCV attributes, including the effectiveness of the measures employed for their maintenance or enhancement.	
FME response <i>(including any evidence submitted)</i>	Companies have completed HCVF_monitoring_report_2019. Report can also be found on companies' website at: https://www.hrcllc.com/management-plan Under "High Conservation Value Monitoring Report."

SCS review	<p>The 2019 audit team reviewed the <i>High Conservation Value Forest Monitoring Report 2019</i>. The report describes the methods of monitoring that are used for each HCV type, as well as the results of the most recently completed monitoring activities for each. The audit team verified that the report is posted on the companies' publicly accessible website.</p> <p>Additionally, the report explains that a review of existing HCVs on both HRC and MRC properties will be conducted when the two forest management plans are combined into one, which is planned for 2020 (as referred to in SCS's review for Finding 2018.12 and in Finding 2019.14). The report further states: "Following the 2019 audit, MRC and HRC staff will re-evaluate designated HCVFs and revise the forest management plan to incorporate any changes based on that re-evaluation" (page 1).</p>
Status of CAR:	<p><input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)</p>

4.4. New Corrective Action Requests and Observations

Finding Number: 2019.1	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 1.5.b
Non-Conformity (or Background/ Justification in the case of Observations): Incidents of trespass and illegal activity have occurred on FME property, as detected during the 2019 field site visits and acknowledged in interviews with FME management and staff. These occurrences have included illegal dumping, vandalism of access gates, and vehicular trespass. The FME has not developed a mechanism to record such incidents in its reporting or other tracking system and how such activities are assessed to inform action implementation.	
Corrective Action Request (or Observation): If illegal or unauthorized activities occur, the forest owner or manager shall implement actions designed to curtail such activities and correct the situation to the extent possible for meeting all land management objectives with consideration of available resources. The FME should document such incidents using an appropriate reporting system in order to drive analysis of appropriate actions and their implementation, including noting the geographic location of where these incidents occur.	
FME response (including any evidence submitted)	

SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2019.2	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 5.3.b
Non-Conformity (or Background/ Justification in the case of Observations): During the 2019 field site visits to harvest, fuel reduction, and restoration sites, evidence of residual stand damage was noted by the audit team. This was not widely present nor excessive in most cases.	
Corrective Action Request (or Observation): The FME should take action to afford better protection to residual trees during active operations to provide protection of residual trees from damage to the extent that health, growth or values are not noticeably affected.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2019.3	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 4.5.b

<p>Non-Conformity (or Background/ Justification in the case of Observations): Effective stakeholder consultation is an important component of the FSC forest management certification standard. Effective stakeholder engagement can be challenging, especially in a geographically diverse area such as the region in which the FME’s two FMUs are located. Challenges can arise as an FME strives to be transparent and invite input from surrounding communities that expect engagement. The North Coast and Ukiah/Fort Bragg regions have long histories of active stakeholders who have an interest in the forest management process and closely monitor the activities of forest landowners, including those of HRC-MRC.</p> <p>The FME has provided the 2019 audit team with examples of how stakeholder consultation informed management actions in the past. However, in speaking with external stakeholders, some stakeholders appear to lack awareness as to how, specifically, such input may inform FME management actions, if at all. There have also been concerns expressed about the amount of time provided for stakeholders to review materials and respond, as well as in some cases a perception of a lack of follow through.</p> <p>Additionally, during stakeholder consultation for this audit the audit team determined that approximately 20% of the email addresses on the stakeholder list provided by the FME are inactive. Although email is just one communication method for stakeholder interaction, inactive stakeholder email addresses may exacerbate the challenge of effective stakeholder consultation.</p>	
<p>Corrective Action Request (or Observation): HRC-MRC is in presently in conformance with Indicator 4.5.b, but based on interviews with stakeholders and an evaluation of the FME’s methods used for stakeholder engagement, the audit team sees opportunities for enhancing the effectiveness of that engagement. In providing a known and accessible means for interested stakeholders to voice grievances and have them resolved, HRC-MRC should develop and implement a system for ongoing stakeholder engagement and interaction that is adapted to local communities and geographies, provides sufficient time for meaningful stakeholder input, and conveys specifically and in a timely manner how stakeholder input has informed management actions. This stakeholder engagement should include a variety of communication forms that build on local relationships; examples include targeted one-on-one or small group meetings, in-woods field tours, phone and conference calls, local radio, electronic media using up-to-date email addresses, and web forums, among others.</p>	
<p>FME response (including any evidence submitted)</p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Upgraded to Major</p> <p><input type="checkbox"/> Other decision (refer to description above)</p>

Finding Number: 2019.4	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.3.a.1
Non-Conformity (or Background/ Justification in the case of Observations):	
<p>The 2019 audit team visited several old growth and late successional forest stands. Many of these are associated with marbled murrelet conservation areas, NSO sites, RMZs, and HCVs. During these visits, most of the sites were redwood forest types, while very few were Douglas-fir types. At the visit to the Mattole watershed area, the team did observe the designated HCV and some RMZ areas. FME staff stated that the existing HCVs and the RMZs provided adequate representation of late successional Douglas-fir stands. However, the RMZ portions of the Mattole watershed do not provide opportunities for the retention or development of late successional stands of Douglas-fir over a variety of topographical positions and sites in the watershed.</p>	
Corrective Action Request (or Observation):	
<p>The FME must develop a plan to maintain, enhance and restore underrepresented successional stages, in this case late successional Douglas-fir stands, across the two FMUs, including in the Mattole watershed. Since this forest community type appears to be underrepresented across the two FMUs, the FME must manage a portion of the forest to maintain, enhance, and/or restore this underrepresented successional stage.</p>	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.5	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.4.b
Non-Conformity (or Background/ Justification in the case of Observations): During the site visit to the two FMUs, review of the HCV documents, and review of the forest management plan for the HRC units, the audit team determined that there were very limited designations of late successional Douglas-fir communities designated as either RSA or HCF. There appear to be opportunities to identify and designate such communities to establish some additional areas representing RSAs of purpose 2, specifically late successional Douglas-fir, on the two FMUs, including in the Mattole watershed. Examples of late successional Douglas-fir RSAs were not observed during the audit.	
Corrective Action Request (or Observation): While the FME did conduct a gap analysis for underrepresented ecosystems and found only limited gaps, such as the bishop pine forest, there appear to be opportunities to identify ecosystems on the FMU to serve as representative samples of existing ecosystems, specifically late successional Douglas-fir. According to the indicator, forest owners or managers, whose properties are conducive to the establishment of such areas, shall designate ecologically viable RSAs to serve these purposes. Large FMUs are generally expected to establish RSAs of purpose 2 and 3 within the FMU. Late successional Douglas-fir, such as those observed in the Mattole watershed and elsewhere on the FMU, should be evaluated for inclusion for RSA designation.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.6	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.4.c
Non-Conformity (or Background/ Justification in the case of Observations): During the audit visit to the coastal prairie RSA in the Mattole watershed, the audit team noted erosion caused by concentration of water associated with improperly functioning road erosion control structures. This erosion is damaging the attributes of the RSA.	
Corrective Action Request (or Observation): The FME must undertake management activities within RSAs that are limited to low impact activities compatible with the protected RSA’s objectives. Road building must take place only where it is well documented that it will contribute to minimizing the overall environmental impacts within the FME and will not jeopardize the purpose for which the RSA was designated. Erosion control structures must be designed and constructed to minimize erosion.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.7	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME): Mendocino Redwood Company FMU	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.5.d

Non-Conformity (or Background/ Justification in the case of Observations):

The audit team travelled and inspected many sections of road within the transportation system of the two FMUs during the audit. Most of these were well maintained, and rehabilitation efforts on most were excellent. However, there was a problem with seasonal road closures and damage to erosion control structures on seasonal roads due to a trespass situation on the Tom Bell Complex THP on the MRC FMU. The gate lock had apparently been bypassed, and the vehicular trespass damaged some erosion control structures to the point that they had failed. Road inspections had not been adequate to detect this damage prior to the audit team visit, even though the road was in an area where the FME staff indicated they had past and recurring issues with trespassers. In addition, on the same THP, road rehabilitation efforts had not been completed in a manner consistent with the practices on the HRC FMU.

Additionally, at recently completed roadwork in the Tom Bell Complex THP, crossing installations had some issues with no critical dips to prevent diversion of water down the road surface and with berm buildup on the outflow side of the road surface keeping the road from draining. Forest Practice Rules 14 CCR § 923.9(k), [943.9(k), 963.9(k)] requires such diversion potential on constructed (new) and existing logging roads to be addressed.

An issue pertaining to inconsistent adherence to road closures was identified last year in an OBS (see **Finding 2018.7**). Since the 2019 audit team identified an issue pertaining to trespass on a closed road and there was evidence of crossings being improperly installed, a CAR has been issued for the same indicator.

Corrective Action Request (or Observation):

The FME must take steps to assure that seasonal road closures on the MRC FMU are respected, to protect the erosion control structures put in place to minimize erosion. Additionally, open roads shall be designed, constructed, maintained, and/or reconstructed to reduce short and long-term environmental impacts and soil and water disturbance, including minimizing erosion and sediment discharge to streams.

FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.8	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.6.a
Non-Conformity (or Background/ Justification in the case of Observations): There exist on the FME several examples of users with specific use rights. These include, but are not limited to, cellular or other communications sites, upcoming development of wind generation facilities, and grazing leases. The audit team clarified via interviews with FME management and staff that the FME has not requested pesticide use from or placed pesticide use restrictions on these users. Review of the grazing lease for the McGinnis Creek Ranch determined that the lease does not address the use of pesticides.	
Corrective Action Request (or Observation): The FME should collect information on the use of pesticides by the users with specific rights of use on the FME. The leases must contain a requirement to assure that the use of pesticides is reported and that the FME reviews proposed usage to assure that no products on the FSC list of Highly Hazardous Pesticides are used.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.9	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.6.b

<p>Non-Conformity (or Background/ Justification in the case of Observations): The FME has developed a <i>Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan</i>, with the final version adopted in July 2019. This plan is overall an excellent document and addresses the FSC standards well. The audit team did have some concerns over the projections presented in Table 1 of the plan. Table 1 shows predicted total herbicide usage in pounds of active ingredient per year over multiple model 10-year planning periods. Herbicide usage on the companies' forestlands is projected to decrease by 50% in the next modelled harvest period (Period 4). As time goes on, predicted herbicide usage continues to decline until it reaches a somewhat consistent level. The plan states that, barring new technologies or treatment methods, herbicide treatments are expected to continue as part of forest management. The plan also states that the company is wholly committed to continuing to investigate alternatives and investigate creative ways to reduce total usage.</p> <p>Clarification of the ongoing lower level of use is needed to explain that the use would be expected to continue to control invasives and for restorative forestry activities, and the levels projected are more of a guideline for expected maximums rather than a specific plan for level of use.</p>	
<p>Corrective Action Request (or Observation): The FME has developed and adopted a <i>Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan</i> to address pesticide use on the FME. This document addresses most of the concerns regarding future use of pesticides on the FME; however, the statements in the text and the numbers presented in Table 1 do not reflect the results of the required analysis of options for, and the effects of, various chemicals and non-chemical pest control strategies, with a stated goal of reducing or eliminating chemical use. These analyses should be conducted.</p>	
<p>FME response (including any evidence submitted)</p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.10	
<p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p>	
<p>FME CAR/OBS issued to (when more than one FME):</p>	
<p>Deadline</p>	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
<p>FSC Indicator:</p>	<p>FSC-US Forest Management Standard (v1.0), Indicator 9.1.b</p>

<p>Non-Conformity (or Background/ Justification in the case of Observations): The FME recently conducted a reassessment of HCVs in the Mattole watershed. The audit team was provided a copy of this report, <i>Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies</i>, dated 3 July 2019. The audit team’s review of this document found that there was no mention of the specifics of the required consultation in developing the assessment of areas that meet the definition of HCVs with qualified specialists, independent experts, and local community members. Since the report was published, consultation has occurred with some local community members (specifically, members of the LCL).</p> <p>While this non-conformity was detected in the Mattole River watershed on the HRC FMU, in the judgment of the audit team, the problem exists at the scale of both FMUs.</p>	
<p>Corrective Action Request (or Observation): For the purpose of assuring the effective identification of areas possessing high conservation values on the FMUs, the FME must conduct and/or document a wider consultation with qualified specialists, independent experts, and community members (including relevant indigenous tribes in the region) who have not yet been consulted to date.</p>	
<p>FME response (including any evidence submitted)</p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.11	
<p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p>	
<p>FME CAR/OBS issued to (when more than one FME):</p>	
<p>Deadline</p>	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
<p>FSC Indicator:</p>	<p>FSC-US Forest Management Standard (v1.0), Indicator 9.2.a</p>

Non-Conformity (or Background/ Justification in the case of Observations):	
The FME recently conducted a reassessment of the HCVF in the Mattole watershed. The audit team was provided a copy of this report, <i>Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies</i> , dated 3 July 2019.	
The audit team’s review of this document found that there was no mention of the specifics of the required consultation with qualified specialists, independent experts, and local community members to confirm that proposed HCVF locations and their attributes have been accurately identified, and that appropriate options for the maintenance of their HCV attributes have been adopted. Since the report was published, consultation has occurred with some local community members (specifically, members of the LCL).	
While this non-conformity was detected in the Mattole River watershed on the HRC FMU, in the judgment of the audit team, the problem exists at the scale of both FMUs.	
Corrective Action Request (or Observation):	
The FME must conduct and/or document a wider consultation with qualified specialists, independent experts, and local community members who have not yet been consulted to confirm that the proposed HCV locations and their attributes on the two FMUs have been accurately identified and that appropriate options for the maintenance of their HCVF attributes have been adopted.	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.12	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FME CAR/OBS issued to (when more than one FME):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 9.3.b

Non-Conformity (or Background/ Justification in the case of Observations): During the site visit to the designated HCV in the Mattole watershed, discussion took place about potential operations in the designated HCV. The FME must confirm prior to such actions that the actions are consistent with the operational plans described for the HCV and that the proposed actions are designed to maintain or enhance the high conservation values and the extent of the HCV. The FME is currently in conformance with this indicator, so only an OBS has been issued.	
Corrective Action Request (or Observation): Any planned management activities in an HCV should be designed to maintain or enhance the high conservation values and the extent of the HCV.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2019.13	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input checked="" type="checkbox"/> Other deadline (specify): 30 November 2019
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 6.6.e

<p>Non-Conformity (or Background/ Justification in the case of Observations): During the 2018 audit, FME personnel acknowledged that monitoring activities to assess the efficacy and possible collateral effects of chemical herbicide use are informal and largely anecdotal. Consequently, a Minor CAR was issued during that audit (see Finding 2018.9). In response, HRC-MRC provided a plan for silviculture monitoring to be conducted in 2019 entitled <i>2019 Silviculture Monitoring Plan</i>.</p> <p>The 2019 audit team reviewed the <i>Silviculture Monitoring Plan</i> and the <i>Vegetation Management Plan</i> (referred to in Finding 2018.4), as well as interviewed FME management and staff who developed those plans. The <i>Silviculture Monitoring Plan</i> describes a study to be initiated in 2019 in which the companies will evaluate how different herbicide regimes influence seedling growth response and competing vegetation development.</p> <p>Pages 28-31 of the <i>Vegetation Management Plan</i> describe the companies’ vegetation management effectiveness monitoring plan. Under this plan, the FME’s management team will annually determine which monitoring programs to implement in that year. This will be based on which provide “the best value to the business and the resource” (page 29). Companies will also annually monitor the effectiveness of herbicide treatments in the previous year. Potential monitoring programs outlined in the plan include monitoring associated with pre-submittal of THP silviculture prescriptions, stocking surveys, free-growing surveys, harvesting, herbicide treatment for site preparation, seedling production, seedling storage and transportation, planting, and planted stand performance.</p> <p>While the FME has designed and documented a structured/focused monitoring program for understanding the effects of chemical herbicide use on the two FMUs, the plan has not yet been implemented as required by the CAR. As a result, the finding was upgraded to a Major CAR.</p>	
<p>Corrective Action Request (or Observation): HRC-MRC must implement a structured/focused monitoring program for understanding the effects (intended and unintended) of chemical herbicide use on the two FMUs, as outlined in the companies’ <i>Silviculture Monitoring Plan</i> and <i>Vegetation Management Plan</i>.</p>	
<p>FME response (including any evidence submitted)</p>	<p>Installation of herbicide treatment plots was fully completed on 10 October 2019. As described in the <i>2019 Silviculture Monitoring Plan</i>, ten plots were installed across the two FMUs. A map showing the location of each plot was produced and provided to SCS, along with a spreadsheet with the coordinates and other information for each plot. Photos of two of the plots were also provided. The <i>Silviculture Monitoring Plan</i> was updated to include information on the ten plots.</p>

SCS review	<p>During a phone call with FME management on 3 October 2019, the FME clarified for the lead auditor that annual planning for herbicide monitoring described in the <i>Vegetation Management Plan (VMP)</i> will occur in December/January to assure that there is a plan in place by the February 28 deadline date that is stated in the VMP.</p> <p>The lead auditor also reviewed the documentation provided by the FME: (1) updated <i>2019 Silviculture Monitoring Plan</i>; (2) map showing the location of each installed plot; and (3) spreadsheet with the coordinates and site-specific information for each plot. A review of this documentation confirmed the installation of treatment plots for monitoring the efficacy of herbicide treatments. While the purpose of each plot was unclear from the spreadsheet, in a follow-up phone call with FME management on 18 October 2019, it was confirmed that each 0.5-acre plot is a control plot on which no herbicide treatment will be applied. The unit in which each plot was placed will be treated with typical site preparation herbicide regimes used by the companies, enabling the efficacy of herbicide treatments vs. no treatment to be evaluated.</p> <p>Clarifying the timeline for annual planning for herbicide monitoring, as well as reviewing the documentation for the 2019 silviculture monitoring plots, demonstrates that a structured/focused monitoring program for understanding the effect of chemical herbicide use on the two FMUs has been initiated. The expectation of the CAR is that the FME would design and make substantive progress on initiating the implementation of the plan with the expectation that it will be fully implemented over a longer timeframe. As such, closure of the CAR is warranted.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed on 18 October 2019 <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2019.14	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 9.3.a

<p>Non-Conformity (or Background/ Justification in the case of Observations): During the audit last year, the audit team noted that management plans and relevant operational plans should describe the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas, including the precautions required to avoid risks or impacts to such values. An OBS was issued (see Finding 2018.12).</p> <p>In response to the OBS, MRC/HRC acknowledged the weakness and provided an update in the Long Ridge HCVF management section of the HCVF assessment. FME management and staff acknowledge that the most appropriate time to outline measures to assure maintenance and/or enhancement of all HCVs will be during the consolidation of the HRC and MRC forest management plans, which is planned for 2020.</p> <p>Since no action to address this OBS has occurred except for an update to the Long Ridge HCV management section of the HCV assessment, and since the 2020 consolidation of the FMPs is the most appropriate time to address this weakness, the OBS was upgraded to a Minor CAR.</p>	
<p>Corrective Action Request (or Observation): HRC-MRC's management plan and relevant operational plans shall describe and implement the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas across both FMUs.</p>	
<p>FME response (including any evidence submitted)</p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<p><input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)</p>

4.5 Major Nonconformances

	No Major CARs were issued to the FME during the evaluation. Any Minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
X	Major CARs were issued to the FME during the evaluation, which have all been closed to the satisfaction of the audit team and meet the requirements of the standards. Any Minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
	Major CARs were issued to the FME during the evaluation and the FME has not yet satisfactorily closed all Major CARs.

5. Certification Decision

Certification Recommendation	
FME be awarded FSC certification as a “Well-Managed Forest” subject to the minor corrective action requests stated in Section 4.2.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<p>The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Forest Conservation Program evaluation protocols. A positive certification decision indicates that:</p> <ul style="list-style-type: none"> ▪ Any Minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a new certificate; ▪ No Major CARs were issued to the FME during the evaluation; ▪ Any Major CARs issued during the audit were closed prior to report finalization; ▪ The FME has demonstrated that its system of management is capable of ensuring that all of the requirements of the applicable standards (see Section 1.6 of this report) are met over the forest area covered by the scope of the evaluation; ▪ The FME has demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate. 	
<p>Comments: Mendocino Redwood Company has been in operation for 20 years; Humboldt Redwood Company has now been in operation for over a decade. Both operating units (companies) have established and adhere to policies and management practices that have been evaluated by FSC audit teams on an annual basis for essentially the entire history of the companies. Operations can be characterized as a dynamic yet evolving steady state with a substantial continuity over time. As such, and while considering the fact that there are areas where improvements are needed (as addressed in the Findings section of this audit report), the audit team concludes that continuance of HRC-MRC’s Forest Stewardship Council forest management certification is warranted.</p>	

