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

## Humboldt Redwood Company, LLC

SCS-FM/COC-00120N

P.O. Box 712

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CERTIFIED	EXPIRATION
12/1/2009	12/1/2014

DATE OF FIELD AUDIT
29-30/AUG/2011
DATE OF LAST UPDATE
11/30/11

### 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 of by the FME.

**FOREWORD**

Cycle in annual surveillance audits			
<input type="checkbox"/> 1 <sup>st</sup> annual audit	<input checked="" type="checkbox"/> 2 <sup>nd</sup> annual audit	<input type="checkbox"/> 3 <sup>rd</sup> annual audit	<input type="checkbox"/> 4 <sup>th</sup> annual audit
Name of Forest Management Enterprise and abbreviation used in this report:			
Forest Management Enterprise (FME)	Humboldt Redwood Company, LLC (HRC)		

All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing compliance with the requirements and standards of certification. A public summary of the initial evaluation is available on the SCS website [www.scscertified.com](http://www.scscertified.com).

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or Corrective Action Requests (CARs; see discussion in section 5.0 for a summary those CARs and their disposition as a result of this annual audit in the separate CAR report file);
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior to the audit; and
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

All items marked with an asterisk (\*) are not required for FMUs that qualify as single SLIMFs.

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## Section A – Public Summary

### 1.0 General Information

#### 1.1 Annual Audit Team

<b>Auditor Name:</b>	Dr. Robert Hrubes, Ph.D.	<b>Auditor role:</b>	FSC Lead auditor
<p><b>Qualifications:</b> Dr. Hrubes is a California registered professional forester (#2228) and forest economist with over 35 years of professional experience in both private and public forest management issues. He is presently Senior Vice-President of Scientific Certification Systems. In addition to serving as team leader for the Michigan state forestlands evaluation, Dr. Hrubes worked in collaboration with other SCS personnel to develop the programmatic protocol that guides all SCS Forest Conservation Program evaluations. Dr. Hrubes has previously led numerous audits under the SCS Forest Conservation Program of North American public forest, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Chile, Japan, Malaysia, Australia and New Zealand. Dr. Hrubes holds graduate degrees in forest economics (Ph.D.), economics (M.A.) and resource systems management (M.S.) from the University of California-Berkeley and the University of Michigan. His professional forestry degree (B.S.F. with double major in Outdoor Recreation) was awarded from Iowa State University. He was employed for 14 years, in a variety of positions ranging from research forester to operations research analyst to planning team leader, by the USDA Forest Service. Upon leaving federal service, he entered private consulting from 1988 to 2000. He has been Senior V.P. at SCS since February, 2000.</p>			
<b>Auditor Name:</b>	Dr. Steve Grado, Ph.D.	<b>Auditor role:</b>	SCS audit team member (and SW lead auditor)
<p><b>Qualifications:</b> Dr. Grado is a Society of American Foresters (SAF) Certified Forester/Forest Certification Auditor #1155 and Fellow, a Professor of Forestry, and the George L. Switzer Professor in the Department of Forestry at Mississippi State University. He received a Ph.D. in Forest Resources in 1992, a M.S. in Forest Resources and Operations Research in 1984, and a B.S. in Forest Science in 1979 at The Pennsylvania State University, State College, Pennsylvania. He also has a B.A. in Political Science from Villanova University near Philadelphia, Pennsylvania. Dr. Grado has served as a socio-economic assessor/auditor on 22 SmartWood pre-audit s and audit s, 3 USDA Forest Service Test Evaluations (one with SGS), and numerous annual field audits (one with SFI). In addition, he has served as an assessor/auditor for innumerable SmartWood chain-of-custody audit s/audits, and also served as a peer reviewer of FSC certification audit reports.</p>			

#### 1.2 Total time spent on evaluation

A. Number of days spent on-site assessing the applicant:	2
B. Number of auditors participating in on-site evaluation:	2
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	4
<b>D. Total number of person days used in evaluation:</b>	<b>8</b>
<b>(Line D = (Total number of days in Line A x Total number of auditors from Line B) + additional days from Line C.</b>	

### 1.3 Standards Employed

Box 1.3.1. – Applicable FSC-Accredited Standard		
Title	Version	Date of Finalization
FSC-US Forest Management Standard	V1.0	July 8, 2010
All standards employed are available on the websites of FSC International ( <a href="http://www.fsc.org">www.fsc.org</a> ), the FSC-US ( <a href="http://www.fscus.org">www.fscus.org</a> ) or the SCS Forest Conservation Program homepage ( <a href="http://www.scs-certified.com/forestry">www.scs-certified.com/forestry</a> ). Standards are also available, upon request, from Scientific Certification Systems ( <a href="http://www.scs-certified.com">www.scs-certified.com</a> ).		

### 2.0 Annual Audit Dates and Activities

The 2011 annual surveillance audit took place on August 29 and 30, 2011.

### 2.1 Annual Audit Itinerary and Activities

Date August 29, 2011	
FMU/Location/ sites visited*	Activities/ notes
Opening meeting, Scotia	<ul style="list-style-type: none"> <li>○ Introductions, particularly of Bob Mertz, newly hired CEO</li> <li>○ Update on developments with FSC</li> <li>○ Review of findings from 2010</li> <li>○ Overview of management activities since 2010 audit</li> <li>○ Review of stakeholder input received in the lead-up to the field audit</li> </ul>
Field trip to Elk and Freshwater Units	<ul style="list-style-type: none"> <li>○ Moss Elk THP (Elk River drainage; across from Wrigley property) <ul style="list-style-type: none"> <li>○ Walk through of harvest area (post harvest)</li> <li>○ Review of set backs and retention of trees selected by neighbors (group selection)</li> <li>○ Brushing of skid trails (very extensive)</li> <li>○ Discussion of annual enrollment process, as managed by the North Coast Regional Water Board</li> </ul> </li> <li>○ 850 acre THP, North Fork Freshwater drainage <ul style="list-style-type: none"> <li>○ Discussion of HCP monitors and their non-compliance findings (e.g., wrt road stormproofing)</li> <li>○ HRC personnel view the process to be dysfunctional</li> <li>○ Discussion of overall harvest levels (increased) in the Elk and Freshwater drainages</li> </ul> </li> </ul>
Stakeholder meeting (held at	

Wrigley residence; 4 neighbors participated in the conversation)	
	<ul style="list-style-type: none"> <li>○ Discussion of neighbors' concerns regarding flooding, siltation and water quality and the extent to which these are legacy effects from past logging versus effects from current HRC logging</li> <li>○ Concerns with CalFire's and Water Board's oversight roles</li> <li>○ Adequacy of FPA cumulative impacts assessment procedures</li> <li>○ Concern with "Tier 2" THPs</li> </ul>
Dinner with HRC personnel	<ul style="list-style-type: none"> <li>○ General discussion of North Coast forestry issues</li> </ul>
<b>Date August 30, 2011</b> 2 Observers participated in this day's audit activities: Deane Clough and Linda DelAir	
<b>FMU/Location/ sites visited*</b>	<b>Activities/ notes</b>
Multiple stops along Bear Creek Road	<ul style="list-style-type: none"> <li>○ Focus on road management, stream protection practices, endangered species</li> </ul>
Laraby Creek  Bearly Green THP	<ul style="list-style-type: none"> <li>○ Discussion of fine associated with failure to remove Dyersville seasonal bridge prior to first high water; also an expired 401 permit</li> <li>○ Review and discussion of tanoak frilling</li> <li>○ Discussion of prairie maintenance (informal) policy</li> <li>○ Interview of contractor: Roger Webb, Webb Logging</li> </ul> <ul style="list-style-type: none"> <li>● An older approved THP, amended by FME to variable retention and selection silviculture. Greenlaw drainage within the site, leaving 4 acres. A variable retention harvest of 18 acres cut to 40 ft<sup>2</sup> occurring three months ago.</li> </ul>
HRC Main Office in Scotia, California	Consultation by auditors for the closing meeting, which ensued afterward.
HRC Main Office in Scotia, California	Interviews with office staff and transfer of documents and files to the auditors.
<b>Date September 1, 2011</b>	
<b>FMU/Location/ sites visited*</b>	
Auditor Grado conducted additional employee interviews and reviewed additional company documents on this day	

### 3.0 Changes in Management Practices

There were no significant changes in the management plans and practices as well as the harvesting methods employed on the HRC forest estate, since the 2010 audit.

#### 4.0 Annual Summary of Pesticide and other Chemical Use

Commercial name of pesticide/ herbicide	Active ingredient	Quantity applied annually (kg or lbs)	Size of area treated during previous year (ha or ac)
Element 4	Triclopyr	59.0	29.1 ha

5.0 Corrective Action Requests (CARs) and Observations (OBS)

**Status of Findings from 2010 Surveillance Audit**

**Note: No Corrective Action Requests were raised during the 2010 audit; two Observations were raised. A written response from the certificate holder to Observations is optional.**

TO BE COMPLETED BY SCS REPRESENTATIVE	<b>CAR/OBS Number</b> (e.g. 1, 2, ...)		<b>OBS 2010.1</b>
	<b>Select one:</b> <input type="checkbox"/> <b>Major CAR</b> <input type="checkbox"/> <b>Minor CAR</b> <input checked="" type="checkbox"/> <b>Observation</b>		
	<b>FMU CAR/OBS issued to</b> (when more than one FMU)		Humboldt Redwood Company
	<b>Deadline for Corrective Action by FME</b>		
	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):		
	<b>Standard and Requirement Reference</b>		FSC Pacific Coast regional indicator 7.2.a. (FSC-US standard 7.2.a.).
<b>BACKGROUND TO OBSERVATION</b>			
HRC's August 2010 forest management plan is, at present, in draft form and will undergo a few more updates this year.			
<b>OBSERVATION</b>			
HRC should consider completing the forest management plan prior to the allowable 10 years under the FSC requirements.			



<b>TO BE COMPLETED BY FME</b>	<p><b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i>                  Describe action taken by the FME to address the root cause of the non-conformity  <b>No action undertaken by FME in response to this Observation</b></p>	
	<p><b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i>  <b>Not applicable—Observation rather than a Non-conformity</b></p>	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<p><b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b>  <i>(Describe conclusion in detail)</i>                  Observation is closed as the standard is no longer applicable.</p>	
	<p>X CLOSED                  UPGRADED TO MAJOR                  OTHER DECISION (refer to description above)</p>	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action n/a
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

TO BE COMPLETED BY SCS REPRESENTATIVE	<b>CAR/OBS Number</b> (e.g. 1, 2, ...)		<b>OBS 2010.2</b>
	<b>Select one:</b> <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation		
	<b>Site CAR/OBS issued to</b> (where more than one site)		
	<b>Deadline for Corrective Action by FME</b>		
	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):		
<b>Standard and Requirement Reference</b>		National FSC-US Standard, Indicator 9.3.a.	
<b>BACKGROUND TO OBSERVATION</b>			
<p>In the new FSC-US standard, the forest management plan and relevant operational plans need to describe 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.</p>			
<b>OBSERVATION</b>			
<p>HRC should consider updating its HCVF process to include as assessment of precautions required to avoid risks or impacts to HCVs.</p>			

<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  <b>No action undertaken by FME in response to this Observation</b>	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i> <b>Not applicable—Observation rather than a Non-conformity</b>	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i>       <input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION <i>(refer to description above)</i>	
	SCS Representative Name and Title <i>(CAR/OBS reviewer)</i> Robert J. Hrubes, Lead Auditor	Date of Acceptance of Corrective Action n/a
	<i>Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS</i>	

## New Findings Resulting from the 2011 Surveillance Audit

<b>CAR/OBS Number</b> (e.g. 1, 2, ...)	<b>CAR 2011.1</b>
<b>Select one:</b> <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
<b>FMU CAR/OBS issued to</b> (when more than one FMU)	Humboldt Redwood Company
<b>Deadline for Corrective Action by FME</b> <input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):	
<b>Standard and Requirement Reference</b>	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 1.1.a.
<b>NON-CONFORMITY</b> <i>(or Background/ Justification in the case of Observations)</i> <i>(Describe and provide objective evidence)</i> <p><b>Description of Non-conformance and Related Evidence:</b> During the course of the 2011 surveillance audit, two violations were revealed by HRC personnel in the course of conversation with the auditors concerning violations on the part of the FME. One involved the Dyersville Bridge on the Eel River which was not pulled out, as required, by October 15, 2010. In addition, the State Water Resources Quality Control Board permit for the use of the bridge had expired and was not renewed in time. Second, there was the detection of some violations related to the FME's HCP during the course of the periodic monitored performed by the state. This related to sediments on road dips.</p> <p>During the closing meeting, HRC personnel were asked if there were other violations since the last audit. It was revealed that there were two. One concerned the use of a haul road, not initially outlined in an original THP, as a road the FME would be using but eventually did. The other concerned a California Department of Forestry (CDF) noting of a 1600 permit violation that related to the digging of a ditch deeper into the ground, in conjunction with an adjacent landowner to realign culvert flows between ownerships. A CDF inspector found that this work had resulted in a violation concerning the pooling of water during rainfall on a public road.</p> <p>In light of these discoveries, the auditors reminded the FME that violations, outstanding complaints or investigations need to be provided to the Certifying Body (CB; Scientific Certification Systems) during the annual audit, and preferably at the start of the audit.</p>	
<b>REQUESTED CORRECTIVE ACTION</b> <i>(or Observation)</i> HRC shall notify and provide to the Certifying Body details of all ongoing violations, outstanding complaints or investigations, in particular those that have occurred since the last annual audit.	

TO BE COMPLETED BY SCS REPRESENTATIVE

<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  PENDING	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i>  PENDING	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i> PENDING RESPONSE FROM CLIENT        CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

Copy and complete table for each non-conformity / opportunity for improvement detected

TO BE COMPLETED BY SCS REPRESENTATIVE	<b>CAR/OBS Number</b> (e.g. 1, 2, ...)	<b>CAR 2011.2</b>
	<b>Select one:</b>	<input type="checkbox"/> <b>Major CAR</b> <input checked="" type="checkbox"/> <b>Minor CAR</b> <input type="checkbox"/> <b>Observation</b>
	<b>FMU CAR/OBS issued to</b> (when more than one FMU)	Humboldt Redwood Company
	<b>Deadline for Corrective Action by FME</b>	
	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):	
	<b>Standard and Requirement Reference</b>	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 4.4.a.
	<b>NON-CONFORMITY</b> <i>(or Background/ Justification in the case of Observations)</i> <i>(Describe and provide objective evidence)</i> <p>The CB was provided with the FME's latest FMP which contained a summary of the social impact assessment process, concentrating on community and archaeological, cultural, and historical sites. However, it was the opinion of the auditors that some activities the FME is known to engage in were not mentioned in this summary, and a more detailed analysis of how social impact information is thereby incorporated back into forest management planning and operations. While an annual social monitoring report that summarizes the public inputs for the year will be made available on the FME's web site (hrcllc.com) starting 2011 year end and material changes to management policies developed from public inputs will be placed on the web site (www.hrcllc.com/Key Policies) and incorporated into future revisions of the FMP, both actions, while planned, are not implemented.</p>	
<b>REQUESTED CORRECTIVE ACTION</b> <i>(or Observation)</i> <p>HRC shall provide the Certification Body with a more complete summary of their social impacts and assessment, update their FMP, and clearly explain how this has been incorporated into their management and planning.</p>		

<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  Pending response from HRC	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i>  Pending response from HRC	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i>  PENDING RESPONSE FROM CLIENT        CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

TO BE COMPLETED BY SCS REPRESENTATIVE	<b>CAR/OBS Number</b> (e.g. 1, 2, ...)		<b>CAR 2011.3</b>
	<b>Select one:</b> <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation		
	<b>FMU CAR/OBS issued to</b> (when more than one FMU)		Humboldt Redwood Company
	<b>Deadline for Corrective Action by FME</b>		
	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):		
<b>Standard and Requirement Reference</b>		FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 7.1.r.	
<b>NON-CONFORMITY</b> <i>(or Background/ Justification in the case of Observations)</i> <i>(Describe and provide objective evidence)</i> The CB was provided with the FME's latest FMP which contained a summary of the social impact assessment process, concentrating on community and archaeological, cultural, and historical sites. However, it was the opinion of the auditors that some stakeholder outreach activities the FME is known to engage in were not mentioned in this summary. Therefore, the management plan does not fully describe the stakeholder consultation process (i.e., how stakeholder input is received and responded to within a reasonable timeframe).			
<b>REQUESTED CORRECTIVE ACTION</b> <i>(or Observation)</i> HRC shall describe the stakeholder consultation process in the FMP.			



<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  Pending response from HRC	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i>  Pending response from HRC	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i> PENDING RESPONSE FROM CLIENT        CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

<b>CAR/OBS Number</b> (e.g. 1, 2, ...)		<b>OBS 2011.1</b>
<b>Select one:</b> <input type="checkbox"/> <b>Major CAR</b> <input type="checkbox"/> <b>Minor CAR</b> <input checked="" type="checkbox"/> <b>Observation</b>		
<b>FMU CAR/OBS issued to</b> (when more than one FMU)	Humboldt Redwood Company	
<b>Deadline for Corrective Action by FME</b> <input type="checkbox"/> 3 months from above Date of Issuance <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input checked="" type="checkbox"/> Other deadline (specify): Observation, deadline not applicable		
<b>Standard and Requirement Reference</b>	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 1.1.b	
<b>BACKGROUND TO OBSERVATION</b>  During the 2011 field audit it was discovered that the Dyersville Bridge on the Eel River had not been pulled out by October 15, 2010, as required by the terms of the company's 1600 permit. In addition, the permit for the use of the bridge had expired and was not renewed in time. This was viewed by the auditors as a failure to communicate within the FME, and it was a lapse in judgment on the part of the employees involved.		
<b>OBSERVATION</b>  The FME should ensure that its employees (and contractors), commensurate with their responsibilities, are duly informed about all applicable laws and regulations.		

<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  Pending response (optional) from HRC	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i> Pending response (optional) from HRC	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i> PENDING RESPONSE FROM CLIENT        CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

TO BE COMPLETED BY SCS REPRESENTATIVE	<b>CAR/OBS Number</b> (e.g. 1, 2, ...)	<b>OBS 2011.2</b>	
	<b>Select one:</b>	<input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
	<b>FMU CAR/OBS issued to</b> (when more than one FMU)	Humboldt Redwood Company	
	<b>Deadline for Corrective Action by FME</b>		
	<input type="checkbox"/> 3 months from above Date of Issuance <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input checked="" type="checkbox"/> Other deadline (specify): Deadline not applicable		
	<b>Standard and Requirement Reference</b>	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicators 1.1.b	
<b>BACKGROUND TO OBSERVATION</b> <p>In the Elk and Freshwater watersheds, the presence of sediments and flooding continue and stakeholders are repeatedly complaining about this situation. It was the view of the auditors that, despite actions taken to properly manage the nearby forests and the watershed and to reduce erosion, further actions should be taken by the FME in an effort to resolve this issue.</p>			
<b>OBSERVATION</b> <p>The FME should ensure the situation that currently exists in the Elk and Freshwater watersheds should be taken to the next step to achieve resolution to attempt to mitigate the lingering social/stakeholder dissatisfaction.</p>			

<b>TO BE COMPLETED BY FME</b>	<b>IMPLEMENTED CORRECTIVE ACTION</b> <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity  Pending response from HRC	
	<b>EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM</b> <i>(please list)</i>  Pending response from HRC	
	FME Representative Name and Title	Date
<b>TO BE COMPLETED BY SCS REPRESENTATIVE</b>	<b>SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION</b> <i>(Describe conclusion in detail)</i> PENDING RESPONSE FROM CLIENT        CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Robert Hrubes, Lead Auditor	Date of Acceptance of Corrective Action
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

## 6.0 Stakeholder Consultation

SCS conducts stakeholder outreach as part of annual audits in order to assess on-going conformance to the applicable FSC standards. Stakeholder consultation activities can include telephone calls, written letters, emails or consultation in the field. The results of stakeholder consultation activities are summarized below. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS have been noted.

### Stakeholder Approach Utilized in this Audit:

The stakeholder consultation strategy for this audit was threefold, to: ensure that the public was aware of, and informed about, the audit process and its objectives; assist the field team in identifying potential issues; and, provide diverse opportunities for the public to discuss and act upon the audit findings. This process entails detailed and meaningful stakeholder interaction. The process of stakeholder interaction does not stop after the field visit or for that matter even after a certification decision is made. SW and SCS welcome, at any time, comments on FSC certified operations and such comments often provide a basis for field audits.

The FME's stakeholder list made available to the audit team provided a basis for the audit team to select people for interviews (i.e., in person, by telephone, through e-mails). Prior to the field visit, stakeholders were contacted by the auditors to solicit their opinions and to detect any issues of importance. Interviews were held with local, regional, state, and federal stakeholders. In addition to stakeholder outreach prior to the field visit, interviews were conducted with FME personnel in their office in Scotia, California, and in the field during the week of the visit. In addition, a stakeholder meeting of stakeholders arranged by a adjacent landowner was held at this individual's home in Eureka, California on Monday, August 29<sup>th</sup> in the afternoon, and was used to gather further opinions and other information on issues related the watershed. Some stakeholders also were contacted by telephone and e-mails up to three weeks after the audit team left Scotia, California.

<b>Stakeholder type</b> (i.e. NGO, government, local inhabitant etc.)	<b>Stakeholders notified (#)</b>	<b>Stakeholders consulted or providing input (#)</b>
County Agency	1	1
ENGOS	3	3
Federal Agency	1	1
FME Employees	18	18

Forest Products Industry	3	3
Land Trusts	1	1
Landowners	5	5
Logger	1	1
Natural Resource Consultant	1	1
Private Organization	1	1
State Agency	1	1

<b>Box 6.1 – Summary of Stakeholder Comments and Responses from the Team Where Applicable</b>	
<input type="checkbox"/>	
<b>Stakeholder comments</b>	
<b>Stakeholder comments</b>	<b>SCS Response</b>
<b>Economic concerns</b>	
None received as part of this surveillance audit	
<b>Social concerns</b>	
None received as part of this surveillance audit	
<b>Environmental concerns</b>	
Elk River neighbors are concerned that HRC harvesting activities are continuing to contribute to flooding and sedimentation loading in the lower reaches, where they reside	See Observation 2011.2.

## 7.0 Certification Decision

<b>Box 7.1 Surveillance Decision</b>	
The certificate holder has demonstrated continued overall conformance to the FSC-US National Standard. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME's response to any open CARs.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: While there remain opportunities for strengthening the overall conformance with the (new) FSC National Standard, HRC continues to operate at a high level of stewardship that is unquestionably consonant with the values and expectations imbedded in the FSC certification standard.	