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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
01/Dec/2009	01/Dec/2014

DATE OF FIELD AUDIT
24-25/May/2012
DATE OF LAST UPDATE
17/Aug/2012

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 st annual audit	<input type="checkbox"/> 2 nd annual audit	<input checked="" type="checkbox"/> 3 rd annual audit	<input type="checkbox"/> 4 th annual audit
Name of Forest Management Enterprise (FME) and abbreviation used in this report:			
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.scs-certified.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 4.0 for a summary those CARs and their disposition as a result of this annual audit);
- 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.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Annual Audit Team

Auditor Name:	Kyle Meister	Auditor role:	Lead auditor (SCS)
<p>Qualifications: Kyle Meister is a Certification Forester with Scientific Certification Systems. He has been with SCS since 2008 and has conducted FSC pre-assessments, evaluations, and surveillance audits in Brazil, Panama, Mexico, Costa Rica, Bolivia, Indonesia, India, Japan, New Zealand, and all major forest producing regions of the United States. Mr. Meister has successfully completed CAR Lead Verifier, ISO 9001:2008 Lead Auditor, and SA8000 Social Systems Introduction and Basic Auditor Training Courses. He holds a B.S. in Natural Resource Ecology and Management and a B.A. in Spanish from the University of Michigan; and a Master of Forestry from the Yale School of Forestry and Environmental Studies. Mr. Meister has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, Colombia, and Brazil. He is responsible for reviewing all of SCS’ forest management reports from Latin America. He is a member of the Forest Guild, Society of American Foresters, and Cascadia Green Building Council.</p>			
Auditor Name:	Karen Brenner	Auditor role:	Lead auditor (RA)
<p>Qualifications: Over the past 12 years, Karen Brenner (B.S. Forestry) has conducted numerous CoC audits and assessments as well as 24 forest management audits and assessments for SmartWood. Karen attended CoC and FM lead assessor training conducted by SmartWood and also successfully completed ISO-9001 Lead Auditor Training in Dec 2010. In addition to consulting with SmartWood, Karen has over a decade of experience as a field forester implementing and managing timber sales, developing silvicultural prescriptions, suppressing forest fires, and managing pre-commercial timber and reforestation programs for the US Forest Service and Nez Perce Tribe.</p>			
Auditor Name:	Tawney Lem	Auditor role:	Social impact assessor (RA)
<p>Tawney Lem is an assessor focused on Aboriginal and socio-economic issues with B.A. Political Science. Since 2003 she has been contracted by Rainforest Alliance on 31 assessments, reassessments, annual audits and gap analyses in BC, Alberta, Manitoba, Ontario, Oregon, Pennsylvania and California. She has also conducted a certifying body accreditation audit with Accreditation Services International. Tawney is an independent consultant providing policy development and analysis services in the areas of governance and land use. The current focus of her work is assisting First Nations with treaty land selection, and as a LEED Accredited Professional is also working on the development of an eco-resort on the West Coast of BC. Ms. Lem’s bachelor’s degree in Political Science is from the University of British Columbia, and she has taken Rainforest Alliance’s Assessor training course. Tawney was a member of the AIPac annual audit teams in 2007 and 2008.</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:	3

C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	6
D. Total number of person days used in evaluation:	12

1.3 Standards Employed

1.3.1. – Applicable FSC-Accredited Standards

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 (www.fsc.org), the FSC-US (www.fscus.org) or the SCS Forest Conservation Program homepage (www.scs-certified.com/forestry). Standards are also available, upon request, from Scientific Certification Systems (www.scs-certified.com).		

1.3.2. – SCS Interim FSC Standards

Title	Version	Date of Finalization
NA		
The SCS Interim Standard was developed by modifying SCS' Generic Interim Standard to reflect forest management in the region and then by incorporating relevant components of the Draft Regional/National Standard, as well as comments from stakeholders. More than one month prior to the start of the field evaluation, the SCS Draft Interim Standard for the country/ region was sent out for comment to stakeholders as identified by FSC International, SCS, the forest managers under evaluation, and the national initiative. A copy of the standard is available at www.scs-certified.com/forestry or upon request from SCS.		

2.0 ANNUAL AUDIT DATES AND ACTIVITIES

2.1 Annual Audit Itinerary and Activities

Date: 24 – May – 2012	
FMU/Location/ sites visited	Activities/ notes
Opening meeting	Team and staff introductions and review of open CAR/OBS, and human resources. Finalized field itinerary.
Brenner and Lem – Elk/ Freshwater	Visited Dunlap Brown THP, Moss Elk THP, Road Decommissioning. Contractor Interview, Active and Closed timber harvest units.
Meister <ul style="list-style-type: none"> Van Duzen and Eel/Shively Sustainability Units: Above Elenor 10 THP, Fiedler Rodeo THP, and Route Creek West THP 	<ul style="list-style-type: none"> Interviews with contractors; inspection of tractor, feller buncher, and cable yarded harvest sites; inspection of group selection and single-tree selection areas; inspection of stream crossings (Class I, II, and III) and road repair; and inspection of site harvested two years ago.

<ul style="list-style-type: none"> • HRC Offices 	<ul style="list-style-type: none"> • Review of property records system, Mattole information, monitoring activities, and invasive species.
Meeting with stakeholders (off-site)	Discussion of Long Ridge Cable THP (Mattole) and stakeholder relations.
Date: 25 – May – 2012	
FMU/Location/ sites visited	Activities/ notes
Lem – <ul style="list-style-type: none"> • Interview with HRC staff 	Employee Interviews
Brenner and Meister – <ul style="list-style-type: none"> • Long Ridge Cable THP 	Planned Variable Retention area; Douglas-fir-mixed hardwood stand; discussion of old-growth definition and suitability of Coastal Redwood

3.0 CHANGES IN MANAGEMENT PRACTICES

There were no significant changes in the management and/or harvesting methods that affect the FME's conformance to the FSC standards and policies.

4.0 RESULTS OF THE EVALUATION

4.1 Existing Corrective Action Requests and Observations

TO BE COMPLETED BY SCS REPRESENTATIVE	CAR/OBS Number (e.g. 1, 2, ...)	OBS 2010.1
	<i>Select one:</i>	<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)	Humboldt Redwood Company
	Deadline for Corrective Action by FME	
	<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):	
	Standard and Requirement Reference	FSC Pacific Coast regional indicator 7.2.a. (FSC-US standard 7.2.a.).
	BACKGROUND TO OBSERVATION	
HRC's August 2010 forest management plan is, at present, in draft form and will undergo a few more updates this year.		
OBSERVATION		
HRC should consider completing the forest management plan prior to the allowable 10 years under the FSC requirements.		

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i>	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> Observation is closed as the standard is no longer applicable. Furthermore, FME updated its FMP in 2012 and showed it to the audit team. X CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister, Lead auditor	Date of Acceptance of Corrective Action 05/24/2012

TO BE COMPLETED BY SCS REPRESENTATIVE	CAR/OBS Number (e.g. 1, 2, ...)	OBS 2010.2		
	<i>Select one:</i>	<input type="checkbox"/> Major CAR	<input type="checkbox"/> Minor CAR	<input checked="" type="checkbox"/> Observation
	Site CAR/OBS issued to (where more than one site)			
	Deadline for Corrective Action by FME			
	<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 type="checkbox"/>	Other deadline (specify):			
Standard and Requirement Reference	National FSC-US Standard, Indicator 9.3.a.			
BACKGROUND TO OBSERVATION				
<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>				
OBSERVATION				
<p>HRC should consider updating its HCVF process to include an assessment of precautions required to avoid risks or impacts to HCVs.</p>				

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i>	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS REPRESENTATIVE	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> FME addressed this OBS in the latest edition of the FMP in the HCVF section. Precautions will be described in operational plans. The HCVF section itself also describes the measures to maintain and/or enhance identified HCVs.	
	<input checked="" 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> Kyle Meister, Lead auditor	Date of Acceptance of Corrective Action 05/24/2012

CAR/OBS Number (e.g. 1, 2, ...)	CAR 2011.1
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)	Humboldt Redwood Company
Deadline for Corrective Action by FME <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):	
Standard and Requirement Reference	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 1.1.a.
<p>NON-CONFORMITY <i>(or Background/ Justification in the case of Observations)</i> <i>(Describe and provide objective evidence)</i></p> <p>Description of Non-conformance and Related Evidence: 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 Dyerville Bridge on the Eel River which was not pulled out, as required in the DFG 1600 permit, by October 15, 2010. Second, the State Water Resources Quality Control Board permit for the use of the bridge had expired and was not renewed in time. In addition, there was the detection of some potential non-compliances related to the FME's HCP during the course of the periodic monitoring performed by a third party. 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 (CAL FIRE) 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 CAL FIRE 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) during the annual audit, and preferably at the start of the audit.</p>	
<p>REQUESTED CORRECTIVE ACTION <i>(or Observation)</i></p> <p>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.</p>	

TO BE COMPLETED BY SCS REPRESENTATIVE

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity FME tracked and collected all CFPR violations and provided them to the CBs.	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i> Two CFPR violations.	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS REPRESENTATIVE	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> FME provided the Certifying Bodies (CBs) with details of all ongoing violations, outstanding complaints or investigations that have occurred since the last annual audit. FME should keep in mind that it must report these to the CBs at each audit. HCP non-compliances remain as “potential” until either finalized or dismissed by the HCP agencies. <input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister, Lead auditor	Date of Acceptance of Corrective Action 05/24/2012

TO BE COMPLETED BY SCS REPRESENTATIVE	CAR/OBS Number (e.g. 1, 2, ...)	CAR 2011.2
	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)	Humboldt Redwood Company
	Deadline for Corrective Action by FME	
	<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):	
	Standard and Requirement Reference	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 4.4.a.
NON-CONFORMITY <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>		
REQUESTED CORRECTIVE ACTION <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>		

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity The updated summary of social impacts has been included in the FMP.	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i> Updated FMP (p. 80)	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS REPRESENTATIVE	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> Indicator 4.4a of the Standard requires that the “manager understands the likely social impacts of management activities, and incorporates this understanding into management planning and operations...” On page 61 of the Forest Management Plan (FMP), HRC has summarized a list of issues known to be important to the community. This list includes environmental (e.g. over-harvesting, clearcutting, old growth, herbicide use), social (e.g. viewsheds, access, donations), cultural (e.g. traditional and customary rights of use, archaeological sites) and economic (e.g. employment, yield taxes) issues and is consistent with the bulleted list of social impacts in Indicator 4.4a. Within each THP, a cumulative impacts assessment is also prepared, which includes social impacts such as recreational resources, visual resource, vehicular traffic, and helicopter noise. During audit interviews, HRC employees were able to discuss each community issue in depth and were aware of how the issues related to specific stakeholders or areas of the property. Interviews with stakeholders confirmed that the list of issues identified by HRC was consistent with the issues raised by the stakeholders. Based on this, the audit team concludes that HRC has a good understanding of the likely social impacts of their management activities. In terms of HRC incorporating their understanding of social impacts into management planning, examples include utilization of local Licensed Timber Operators, protection of archaeological sites (cultural impacts), allowing certain activities to take place on the property (e.g. education, recreation, access), assisting with road and bridge maintenance, not harvesting old growth, and adjusting operation hours to address noise concerns. This evidence sufficiently demonstrated conformance with the Indicator. Indicator 4.4a does not prescribe that a manager makes a summary of material changes to management policies public; therefore this aspect of the non-conformance has not been addressed. Further, the “management plan” in the FSC context is not just the FMP, but refers to all planning documents of the manager. Since there is evidence of social impacts being addressed within Timber Harvest Plans, changes to the FMP specifically is not required by the FSC Standard. Therefore this NCR is closed. The audit team did hear concerns from multiple stakeholders about a lack of follow through on comments that stakeholders provided to HRC employees. See NCR 8.2.d.4.	

TO BE COMPLETED BY SCS REPRESENTATIVE	<input checked="" type="checkbox"/> CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Tawney Lem, Social impact assessor (RA)	Date of Acceptance of Corrective Action 05/24/2012

TO BE COMPLETED BY SCS REPRESENTATIVE	CAR/OBS Number (e.g. 1, 2, ...)	CAR 2011.3
	<i>Select one:</i> <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)	Humboldt Redwood Company
	Deadline for Corrective Action by FME <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):	
	Standard and Requirement Reference	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 7.1.r.
	NON-CONFORMITY (or Background/ Justification in the case of Observations) (Describe and provide objective evidence) 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 (ie., how stakeholder input is received and responded to within a reasonable timeframe).	
	REQUESTED CORRECTIVE ACTION (or Observation) HRC shall describe the stakeholder consultation process in the FMP.	

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity HRC had many informal stakeholder interactions that were not included in the FMP.	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i> Updated FMP	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS REPRESENTATIVE	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> Indicator 7.1r requires that “the management plan describe the stakeholder consultation process”. Pg. 61 of the plan summarizes that annual stakeholder meetings are “the primary method to facilitate stakeholder consultation”, and that HRC also meets with special interest groups for dialogue and field tours. As described on Page 62, the THP process is used to solicit and evaluate community concerns. Pages 80 and 81 of the management plan elaborates on the consultation process, and adds that input can also be provided through the web site, one-on-one discussions, and when HRC is conducting watershed analyses. Monitoring-reporting forms are used to track community inputs. The management plan further describes that management reviews analyze inputs to determine how inputs will be incorporated into final prescriptions. Discussions with HRC employees and stakeholders confirm that the consultation process as described in the management plan is current and comprehensive. Therefore, this NCR is closed. X CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Tawney Lem, Social impact assessor (RA)	Date of Acceptance of Corrective Action 05/24/2012

CAR/OBS Number (e.g. 1, 2, ...)	OBS 2011.1
<i>Select one:</i> <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)	Humboldt Redwood Company
Deadline for Corrective Action by FME <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	
Standard and Requirement Reference	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicator 1.1.b
BACKGROUND TO OBSERVATION During the 2011 field audit it was discovered that the Dyerville 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.	
OBSERVATION The FME should ensure that it's employees (and contractors), commensurate with their responsibilities, are duly informed about all applicable laws and regulations.	

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity While FME did not prepare a formal response to this OBS, FME presented Cal FPR violations since the last annual audit, which included attachments of email communications between FME staff, contractors, and regulators. The FME's contracts also include language that reference federal and state laws.	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i> 2 CFPR violations	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> OBS is closed due to evidence of CFPR violations and communications with contractors. X CLOSED UPGRADED TO MAJOR OTHER DECISION <i>(refer to description above)</i>	
	SCS Representative Name and Title <i>(CAR/OBS reviewer)</i> Kyle Meister, Lead auditor	Date of Acceptance of Corrective Action 05/24/2012

TO BE COMPLETED BY SCS REPRESENTATIVE	CAR/OBS Number (e.g. 1, 2, ...)	OBS 2011.2		
	<i>Select one:</i>	<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)	Humboldt Redwood Company		
	Deadline for Corrective Action by FME			
	<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			
	Standard and Requirement Reference	FSC-US National Forest Management Standard (v1.0, July 8, 2010), Indicators 1.1.b		
BACKGROUND TO OBSERVATION				
<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>				
OBSERVATION				
<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>				

TO BE COMPLETED BY FME	IMPLEMENTED CORRECTIVE ACTION <i>(Response to Observations is optional)</i> Describe action taken by the FME to address the root cause of the non-conformity	
	EVIDENCE OF CONFORMANCE SUBMITTED WITH THIS FORM <i>(please list)</i>	
	FME Representative Name and Title	Date
TO BE COMPLETED BY SCS REPRESENTATIVE	SCS REVIEW / ACCEPTANCE OF CORRECTIVE ACTION <i>(Describe conclusion in detail)</i> Over the past year, HRC has continued to meet with stakeholders interested in the Elk and Freshwater watersheds when requested to. Auditors met with stakeholders who reported that no progress had been made from the previous year, and that that there were still issues with flooding and sedimentation. They acknowledged that HRC listens to them, but didn't feel there was any resulting action. Regardless of the growing frustration, stakeholders confirmed their interest in trying to work through the issues out of court. HRC reported that some possible solutions had been discussed with stakeholders, specifically around removing existing sediment. HRC was willing to pursue the required permits, but stakeholders were concerned about the potential downstream effects of this work. A grant project with Cal Trout has been initiated that would provide in-stream monitoring to see what the effects would be in the rest of the reach if sediment is removed. However, due to necessary permits, this project will not likely start until 2014. HRC further reported that a process will be starting with the Water Board in early June 2012, where presentations will be made about a watershed wide discharge report. This process will include public hearings and will ultimately lead to a decision by the Water Board about HRC's operations in the watershed. In the event that stakeholders are not satisfied with the Water Board's decision, there is an appeal process. There does not currently appear to be a clear or easy solution that will address the interests of all parties. However, as related to the Standard, HRC has kept the lines of communication open with an interest in understanding the impacts expressed by stakeholders, and had provided an accessible means for stakeholders to address their grievances. The audit team conducted an evaluation of social impacts within the framework of the FSC-US standard and has addressed this issue with different findings related to the monitoring of social impacts. As such, this OBS is closed. X CLOSED UPGRADED TO MAJOR OTHER DECISION <i>(refer to description above)</i>	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister, Lead auditor	Date of Acceptance of Corrective Action 05/24/2012

4.2 New Corrective Action Requests and Observations

Finding Number: 1.6.a/12	
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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 1.6.a.	
Non-Conformity: FME does not have a publicly available statement of commitment to manage the FMU in conformance with FSC standards and policies. FME's current publically available statements reference FSC P&C.	
Corrective Action Request: FME shall ensure that it has a publicly available statement of commitment to manage the FMU in conformance with FSC standards and policies.	
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: 2.3.b/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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 2.3.b.	
Non-Conformity: HRC employees demonstrated that they maintain some documentation related to disagreements, concerns, and potential disputes (e.g. title searches), and also maintain a record of emails (both internal and external). However, discussions with stakeholders are often conducted by phone or face-to-face. Employees could not demonstrate that they consistently document these types of discussions. In the event that an issue escalated to become a formal dispute, these communications could be important evidence.	

Corrective Action Request: The FME should ensure that they document any significant disputes over tenure and use rights.	
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"/> <i>Other decision (refer to description above)</i>

Finding Number: 4.1.a/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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 4.1.a.	
Non-Conformity: With the switch from PALCO to HRC, some concerns have been expressed that jobs were not adequately reviewed and classified, which has affected rates of remuneration. Similarly, there has not been a job review since some employees have left and other employees have assumed new responsibilities. Human Resources began a market survey and wage review, but the review had not yet been completed for forest operations employees at the time of the audit.	
Corrective Action Request: FME should ensure that employee compensation meets or exceeds the prevailing local norms within the forestry industry.	
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"/> <i>Other decision (refer to description above)</i>

Finding Number: 6.1.b/12	
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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 6.1.b.	
<p>Non-Conformity: Interviews with the Regional Water Quality Control Board (RWCQB) and HRC employees indicate that now that a significant amount of the work required by the Clean-up and Abatement Order (CAO) has been implemented and monitored, it is time to reconsider the analysis of the potential long-term and short-term impacts of future projects required by the CAO, including the specific methodology and timing of the projects.</p> <p>Previous assessment of the short-term impacts has primarily been associated with individual THPs and thus has not assessed the potential impacts of implementing such a large project across an entire watershed over a relatively short time span.</p> <p>Given the new information that may be gleaned from the monitoring of the CAO projects over the past several years and the fact that the documented assessment of the CAO's potential impacts is primarily conducted on an individual THP basis rather than considering the cumulative impacts of the road abatement projects throughout the entire watershed, a new assessment of the short-term and long-term impacts of completing the CAO is needed to demonstrate conformance with indicator 6.1.b.</p>	
Corrective Action Request: FME shall assess and document the potential short and long-term impacts of planned management activities on elements 1-5 listed in Criterion 6.1.a prior to commencing site-disturbing activities.	
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: 6.3.d/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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 6.3.d.	

<p>Non-Conformity: Review of the Long Ridge Cable THP and interviews with HRC staff indicated the intent to plant redwood (<i>Sequoia sempervirens</i>) on sites that, based on field observation and stakeholder interviews, currently and likely historically did not include redwood. The Long Ridge THP has not yet been approved by the state; so no management activity has occurred on the site. Interviews indicated that the previous landowner (PALCO) planted redwood on a similar site approximately 8 years ago and the success of the redwood regeneration on this site was provided as evidence to support the proposed planting of redwood in the Long Ridge THP. HRC does have a procedure to complete an “Ecological Risk Assessment Checklist,” which is intended to identify micro sites suitable for planting redwood. However, the checklist was not completed prior to submitting the Long Ridge Cable THP to the state. While use of the checklist tool does not necessarily guarantee conformance to indicator 6.3.d, it is designed to help identify sites that may be appropriate for redwood regeneration. An observation is written since there is a potential for a future non-conformance if management practices do not maintain or enhance plant species composition, distribution and frequency of occurrences similar to those that would naturally occur on the site.</p>	
<p>Corrective Action Request: FME should ensure that management practices maintain or enhance plant species composition, distribution and frequency of occurrence similar to those that would naturally occur on the site.</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)

<p>Finding Number: 6.3.f/12</p>	
<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>	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
<p>FSC Indicator: 6.3.f</p>	
<p>Non-Conformity: The audit team visited the Long Ridge Cable THP in response to stakeholder concerns that the harvest areas may contain old-growth. Field observations indicated that the older trees within the units proposed for harvest do not meet HRC’s definition of old-growth (established on or before 1800 C.E.). However, many of these older trees qualify as legacy trees. These protected legacy trees are estimated to be 150-160 years old and were the seed source for most of the current stand. It is understandable that some stakeholders could view these trees as old-growth because many of these legacy trees do exhibit morphology commonly associated with old-growth Douglas-fir. Additionally,</p>	

while small portions of the THP have been previously harvested with patch or strip clear cuts, the majority of the acres in the THP have not been previously entered for timber harvest. Thus, the lack of clear evidence of past management, as well as the presence of the legacy trees, led the stakeholders to conclude that the stands may qualify as Type I old-growth. Additionally, the stakeholders considered the stands to be uneven-age which would further substantiate the stakeholder’s interpretation of these stands as potential Type I old-growth. However, the audit team concluded that the stands are predominately even-aged conifers overtopping hardwoods of the same age-class with scattered older legacy seed trees. These legacy trees are predominately located in riparian areas reserved entirely from harvest and scattered individual upland trees that are intended to be retained for wildlife value.

The audit team concluded that based on the HRC definition of old-growth, the sites visited do not meet the FSC definition of Type 1 or Type 2 old-growth. HRC’s old-growth and hardwood retention policies serve to protect trees established on or prior to 1800 C.E. on the FMU. However, the legacy trees on Long Ridge Cable THP, which are 150-160 years old and thus fall outside of the FME’s old-growth definition, are being protected for wildlife habitat and riparian protection. Conformance with indicator 6.3.f. requires that legacy trees are not harvested. However, HRC’s wildlife tree retention policy targets legacy trees for retention at a stocking of 4 trees per acre and thus does not guarantee the protection of all individual trees that meet the legacy tree definition within a harvest unit if the trees were established after 1800 C.E. and not considered old-growth. Thus, there may be some stands where HRC’s retention policies may not ensure the retention of all legacy trees established after 1800 C.E.

Corrective Action Request: FME should ensure that management maintains, enhances, or restores habitat components and associated stand structures, in abundance and distribution that could be expected from naturally occurring processes. These components include:
 a) large live trees, live trees with decay or declining health, *snags*, and well-distributed coarse down and dead woody material. *Legacy trees* where present are not harvested; and
 b) vertical and horizontal complexity.
 Trees selected for *retention* are generally representative of the dominant species found on the site.

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: 8.2.d.4/12
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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: 8.2.d.4.	
<p>Non-Conformity: Stakeholder input can be provided through many means, including: one-on-one meetings, groups meetings, the website, email, or phone conversations. To facilitate an ongoing review of stakeholder responses, a Social Monitoring Form has been developed. Employees are instructed to provide the completed forms to the stewardship manager.</p> <p>There is a clear recording of responses provided via the website, email or through feedback forms filled in by stakeholders at meetings. However, stakeholder responses provided during one-on-one meetings, field tours and phone conversations are not consistently recorded by employees. Employees are also not consistently using the Social Monitoring Forms. Where records have been kept, they have not consistently been organized in a way that can be easily accessed or monitored.</p> <p>During audit interviews, several stakeholders expressed concern that during discussions with company employees, notes were not taken, and that actions discussed had not been followed up on by the company. Interviews with employees revealed that in some cases actions were in fact taken. However, the stakeholder was not made aware of that action, nor was there follow-up to obtain feedback from the stakeholder and thus monitor the effectiveness of the action taken. This situation may in part be a result of inadequate recording of stakeholder responses.</p>	
Corrective Action Request: FME shall monitor and records stakeholder responses to management activities as necessary.	
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: 8.4.b/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 <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):

FSC Indicator: 8.4.b.	
<p>Non-Conformity: Interviews with HRC staff and the Regional Water Quality Control Board (RWQCB) indicate that the data collected to monitor the impacts of the implementation of the CAO (i.e. TMDL data) may show a need to revise the future implementation (i.e. rate, methodology) of the CAO projects in order to meet management objectives and mitigate short-term and long-term cumulative impacts. HRC has compiled monitoring data and plans to meet with the RWQCB this summer to present the monitoring information. Based on the review of the monitoring information, HRC should ensure future conformance with 8.4.b by incorporating the results of monitoring into the implementation of the CAO.</p>	
<p>Corrective Action Request: Where monitoring indicates that management objectives and guidelines, including those necessary for conformance with this Standard, are not being met or if changing conditions indicate that a change in management strategy is necessary, FME should consider revising the management plan, operational plans, and/or other plan implementation measures to ensure the objectives and guidelines will be met. If monitoring shows that the management objectives and guidelines themselves are not sufficient to ensure conformance with this Standard, then the FME should consider modifying the objectives and guidelines.</p>	
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)

NCR#:	CoC 1	NC Classification:	Major	Minor X
Standard & Requirement:	<p>FSC-US Forest Management Standard (v1.0) July 8, 2012 Indicator 8.3. <i>FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs)</i></p> <p>COC 1.3: FME procedures/work instructions shall provide effective control of FSC certified forest products (including NTFPs) from standing timber until ownership is transferred at the forest gate. <i>Note: For large scale operations (>10,000ha) and Group Entities, CoC procedures covering all relevant CoC criteria shall be documented.</i> Including:</p> <ul style="list-style-type: none"> a) Procedures for physical segregation and identification of FSC certified from non-FSC certified material. (If applicable) b) Procedures to ensure that non-FSC certified material is not represented as FSC certified on sales and shipping documentation. (If applicable) c) Procedures to include the FME's FSC certificate registration code and FSC claim (FSC 100%) on all sales and shipping documentation for sales of FSC certified products. d) Recordkeeping procedures to ensure that all applicable records related to the production and sales of FSC certified products (e.g. harvest summaries, sales summaries, invoices, bills of lading) are maintained for a minimum of 5 years. e) Procedures to ensure compliance with all applicable FSC/Rainforest Alliance trademark use requirements. 			
Report Section:	Appendix V Chain-of-Custody Conformance CoC 1.3			
Description of Nonconformance and Related Evidence:				
While the FME does include the FSC certificate registration code and the FSC claim on all sales shipping documents and the shipping and sales documents are clearly linked, however, the documented procedures do not describe this requirement as specified in item c of indicator COC 1.3 above.				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for Conformance:	Prior to the next annual audit.			
Evidence Provided by Organization:	PENDING			
Findings for Evaluation of Evidence:	PENDING			
NCR Status:	OPEN			
Comments (optional):				

5.0 STAKEHOLDER COMMENTS

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:

1. 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.
2. To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

Principal stakeholder groups are identified based upon results from the pre-evaluation (if one was conducted), lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources (e.g., chair of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders in this evaluation:

5.1 Stakeholder Groups Consulted

Regulatory agencies	Adjacent landowners
Environmental NGOs	Indigenous peoples

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. The table below summarizes the major comments received from stakeholders and the assessment 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.

5.2 Summary of Stakeholder Comments and Responses from the Team, Where Applicable

There were no official complaints or disputes (as per the FSC definition) received. However interested stakeholders of Humboldt County are very active in forestry issues as members of environmental associations and landowners adjacent to HRC. During stakeholder consultation nine primary concerns were highlighted:

1. Flooding and sedimentation on the Elk River.
2. Stakeholder Engagement/Relations
3. Planting of redwood on sites that currently do not have redwood.
4. Potential harvesting of old-growth
5. Use of Herbicides to control hardwoods
6. Road Maintenance
7. Meeting the HCP requirements for the maintenance of late seral habitat
8. Potential for increased timber harvesting prior to decommissioning roads
9. HCP should be updated to reflect the current and best science

1. Flooding and sedimentation on the Elk River

HRC lands include five watersheds that were declared environmentally impacted during the time that PALCO owned the property. Prior to HCR taking ownership, a Clean-up and Abatement Order (CAO) was issued by the Regional Water Quality Control Board (RWQCB) for Elk River and neighbors pursued litigation and obtained compensation for damage to their property from flooding and sediment deposition resulting from the management from the previous owner (PALCO). Consultation with neighbors, regulatory agencies, and HRC employees highlighted the on-going concerns regarding flooding that impedes access to homes every 1-2 years and the resulting deposition of sediment and impacts to the stream channel. The audit team interviewed stakeholders and visited the Elk River Watershed better understand the complexities of the concerns.

HRC has attempted to address the overall concerns within the watershed by implementing the requirements of the CAO (i.e. decommissioning roads and storm proofing the remaining road network) and emphasizing uneven-aged management rather than the clear-cutting that was practiced by PALCO.

All interested parties (i.e. HRC, agencies, neighbors, ENGO) recognize that there are many challenges created by past management and current land uses in the Elk River Watershed. Moreover, the management prescribed by the CAO was based on analysis prior to HRC taking ownership. The assessment of potential short term and long-term impacts of implementing the CAO (as required by Criterion 6.1) were addressed in several documents, including the CAO, 2005 Report of Water Discharge, and in individual Timber Harvest Plans (THP). The audit team found that given the large scale of the implementation of the CAO projects and the resulting monitoring that HRC has completed, it is now time to analyze the monitoring results and ensure that the best available information is used to assess and document the potential short-term and long-term impacts of implementing future projects (i.e. road work, timber harvests) in the watershed. The audit team issued **NCR 6.1.b/12 and OBS 8.4.b/12** to address the need to revisit the assessment of the impacts of the management on the Elk River and incorporate the results of monitoring into the methodology and timing of implementing the projects. It is noteworthy that prior to the annual audit, HRC also recognized the need to incorporate the results of recently compiled monitoring and already began taking steps toward ensuring future conformance to both Criteria 6.1 and 8.4.

2. Stakeholder Engagement

Several stakeholders representing different interests noted that the company is willing to meet with them, but actions discussed are not always followed up on. Indicator 8.2.d.4 of the Standard requires that the manager monitors and records stakeholder responses to management plans as necessary. Interviews with HRC employees and a review of HRC documents shows that HRC maintains a good record of responses provided via the website, email or through feedback forms filled in by stakeholders at meetings. However, stakeholder responses provided during one-on-one meetings, field tours and phone conversations are not consistently recorded by employees. Further, in some cases HRC employees are taking actions to directly address stakeholder comments; however there is limited follow up with these stakeholders to make them aware of the action or to receive feedback on whether the actions addressed the impact reported by the stakeholder. This follow-up and feedback mechanism is not prescribed by the Standard, but it is a common aspect of monitoring and adaptive management that

is built into its framework. **NCR 8.2.d.4/12** has been issued to ensure that stakeholder responses to management activities are monitored and recorded.

3. Planting of Redwood

Stakeholders expressed concern that HRC may be planting redwood on sites where redwood does not naturally occur. At the request of stakeholders, the audit team visited the Long Ridge Cable THP. Interviews with HRC staff and field observations indicated the intent to plant redwood (*Sequoia sempervirens*) on sites that currently and likely historically did not include redwood. The Long Ridge THP has not yet been approved by the state; so no management activity has occurred on the site. HRC has a procedure to complete an “Ecological Risk Assessment Checklist,” which is intended to identify micro sites suitable for planting redwood. However, the checklist was not completed prior to submitting the Long Ridge Cable THP to the state. While use of the checklist tool does not necessarily guarantee conformance to indicator 6.3.d, it is designed to help identify sites that may be suitable for redwood regeneration. **Observation 6.3.d/12** is issued since there is a potential for a future non-conformance if management practices do not maintain or enhance plant species composition, distribution and frequency of occurrences similar to those that would naturally occur on the site.

4. Management of Old-Growth

FME’s old growth policies are described in detail in the 2012 update of the FMP for Type 1, Type 2, and individual old growth trees. Old growth trees are those that have been established on or before 1800 C.E. Interviews indicate that FME trains its staff on how to identify old growth trees and also uses an increment borer on larger trees that appear to have old growth characteristics.

The audit team visited the Long Ridge Cable THP in response to stakeholder concerns over the option to harvest in areas that may contain old-growth. Field observations indicated that the older trees within the units proposed for harvest do not meet HRC’s definition of old-growth (established on or before 1800 C.E.). However, many of these older trees do qualify as legacy trees. These legacy trees, which are reserved from harvest, are estimated to be 150-160 years old and were the seed source for most of the current stand. It is understandable that stakeholders could view these trees as old-growth because many of these legacy trees do exhibit morphology commonly associated with old-growth Douglas-fir. Additionally, while small portions of the THP have been previously harvested with patch or strip clear cuts, the majority of the acres in the THP have not been previously entered for timber harvest. Thus, the lack of clear evidence of past management, as well as the presence of the legacy trees, led the stakeholders to conclude that the stands may qualify as Type I old-growth. Additionally, the stakeholders considered the stands to be uneven-aged which would further substantiate the stakeholder’s interpretation of these stands as potential Type I old-growth. However, the audit team concluded that the stands are predominately even-aged conifers overtopping hardwoods of the same age-class with scattered older legacy seed trees. These legacy trees are predominately located in riparian areas reserved entirely from harvest and scattered individual upland trees that are intended to be retained for wildlife value.

The audit team concluded that based on the HRC definition of old-growth, the sites visited do not meet the FSC definition of Type 1 or Type 2 old-growth. While the legacy trees on Long Ridge Cable THP are 150-160 years old and thus fall outside of the FME's old-growth definition conformance with indicator 6.3.f. does require that legacy trees are not harvested. Interviews and field observations indicate that HRC does intend to reserve all the legacy trees on the Long Ridge Cable THP. However, given the current HRC policies to reserve a minimum of four trees per acre of legacy trees for wildlife habitat there may be some stands where the FME's retention policies may not take into account the FSC requirement to reserve legacy trees that were established after 1800 C.E. **(See OBS 6.3.f).**

One stakeholder expressed concern regarding HRC defining old-growth as stands originating prior to 1800 C.E. rather than specifying a specific age (i.e. 200 years). HRC has included stakeholder consultation during the development of their old-growth definition and page 42 of the Forest Management Plan revised May 2012 states, "We have not yet located and mapped all of the smaller stands of old growth and we are still accepting stakeholder inputs to better define old growth on a species-specific basis." Thus, stakeholders with specific interest in old-growth management and definitions are encouraged to contact HRC.

5. Use of Herbicides to control hardwood such as tan oak

Stakeholders' concerns about the use of herbicides to control hardwoods range from a belief that there should be no use of herbicides due to a perceived impact on both vegetation, as well as aquatic fish habitat to just wanting to ensure that hardwoods and particularly larger tanoaks are maintained across the landscape for their wildlife value. Review of HRC's hardwood management policies and observations in the field indicate that HRC is managing to maintain all hardwood species across the landscape as well as within individual stands with a specific emphasis on the retention of larger diameter hardwoods. Both the use of herbicides and the retention of hardwoods conform to the FSC Standard and specifically to Criteria 6.3 and 6.6.

6. Road Maintenance

One stakeholder expressed concern about the condition of roads; specifically that roads are getting very washboarded and that dust is bad. It is recognized that gravel forest roads at times are rough and dusty. However, field observations indicated that the road network was very well maintained and the condition of the road was well within that expected of forest roads. The audit team found conformance with Criterion 6.5 with regard to road maintenance.

7. Meeting the HCP requirements for late seral habitat:

The HCP specifies a requirement to maintain 10% late seral habitat per watershed. State regulators have express concern that there are THPs submitted in the same watershed where late seral habitat was quantified differently, albeit during different years. HRC claims to have a new timber inventory to support these different methods. One agency initially approved the THP, while another questioned it. HRC remains in discussion with these agencies and specifically on how to quantify and/or qualify late seral habitat, as well as its functionality and connectivity to other late seral and old growth stands. This issue was difficult to audit this year for the following reasons: 1. HRC is still working to gain a common

understanding and interpretation from all the state agencies; 2. HRC is waiting on the results of a new inventory for the entire land base; 3. Access to the specific THP under discussion was limited due inclement weather and hazardous road conditions during this year’s audit. Thus, it is recommended that the audit team revisit this issue in 2013.

8. Concern about potential for increased cut prior to decommissioning roads

While HRC has invested significant resources into decommissioning roads as specified under the CAO, there is no indication that HRC is harvesting beyond the levels established under its Option A. Conformance was found to Criterion 5.6. Criterion 5.6 is required to be evaluated every year it will be important to re-evaluate conformance after the new forest wide inventory is completed.

9. HCP should be updated to reflect the current and best science

One stakeholder commented that the HCP is from PALCO days and is not based on the best science anymore. The stakeholder suggested that an update to the HCP is needed. For the purposes of determining conformance to FSC Principle 7 regarding the completion of a Forest Management Plan (FMP), all management planning documents (e.g., HCP, Public FMP, THPs) are reviewed collectively as the documentation guiding forest management activities and thus are considered “the Forest Management Plan” per FSC guidelines. HRC recently updated the FMP in 2012; however, updating the HCP requires collaboration with the regulatory agencies and thus is not solely within HRC’s control. Interviews with both HRC staff and state regulatory agencies indicate that they are interested in collaborating to improve and update the current HCP. HRC’s process to complete the HCP, monitor its implementation, and collaborate with state agencies to update the HCP meets the intent of Criterion 7.2.

6.0 CERTIFICATION DECISION

The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship standards. 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: None	

7.0 CHANGES IN CERTIFICATION SCOPE

There were no changes in the scope of the certification in the previous year.

Name and Contact Information

Organization name			
Contact person			
Address		Telephone	
		Fax	
		e-mail	

		Website	http://www.hrcllc.com/
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FSC Sales Information

FSC salesperson	Kristen Lockhart, Sales Manager at Humboldt Redwood Company, LLC		
Address	Telephone	530-688-0449	
	Fax	530-668-0442	
	e-mail	klockhart@hrcllc.com	
	Website	http://www.hrcllc.com/	

Scope of Certificate

Certificate Type	<input type="checkbox"/> Single FMU	<input 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 FMU's in scope of certificate		
Geographic location of non-SLIMF FMU(s)	<i>Latitude & Longitude:</i>	
Forest zone	<input type="checkbox"/> Boreal	<input type="checkbox"/> Temperate
	<input type="checkbox"/> Subtropical	<input type="checkbox"/> Tropical
Total forest area in scope of certificate which is (ha or ac):		
privately managed		
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
Total forest area in scope of certificate which is included in FMUs that:		
are less than 100 ha in area		
are between 100 ha and 1000 ha in area		
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs		
Division of FMUs into manageable units:		

Production Forests

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

Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems	
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	
Silvicultural system(s)	Area under type of management
Even-aged management	
Clearcut (clearcut size range)	
Shelterwood	
Other:	
Uneven-aged management	
Individual tree selection	
Group selection	
Other:	
<input type="checkbox"/> Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)	
The sustainable rate of harvest (usually Annual Allowable Harvest or AAH where available) of commercial timber (m ³ of round wood)	
Non-timber Forest Products (NTFPs)	
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	
Other areas managed for NTFPs or services	
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	
Explanation of the assumptions and reference to the data source upon which AAH and NTFP harvest rates estimates are based:	
Species in scope of joint FM/COC certificate	
Scientific/ Latin Name (Common/ Trade Name)	
Abies grandis, Pinus sp., Pseudotsuga menziesii; Notholithocarpus densiflorus, Sequoia sempervirens	

FSC Product Classification

Timber products		
Product Level 1	Product Level 2	Species
W1 Rough wood	W1.1 Roundwood (logs)	Abies grandis, Pinus sp., Pseudotsuga menziesii; Notholithocarpus densiflorus, Sequoia sempervirens
W1 Rough wood	W1.2 Fuel wood	Same as above.
W3 Wood in chips or	W3.1 Wood chips	Same as above.

particles		
Non-Timber Forest Products		
Product Level 1	Product Level 2	Product Level 3 and Species

Conservation Areas

Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives		<input type="checkbox"/> ha	<input type="checkbox"/> ac	
High Conservation Value Forest/ Areas				
High Conservation Values present and respective areas				
	Code	HCV Type	Description & Location	Area
<input type="checkbox"/>	HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).		
<input type="checkbox"/>	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.		
<input type="checkbox"/>	HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.		
<input type="checkbox"/>	HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		
<input type="checkbox"/>	HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		
<input type="checkbox"/>	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).		
Total Area of forest classified as 'High Conservation Value Forest/ Area'				

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

<input checked="" type="checkbox"/> N/A – All forestland owned or managed by the applicant is included in the scope.
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<input type="checkbox"/> Applicant owns and/or manages other FMUs not under evaluation.		
<input type="checkbox"/> Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.		
Explanation for exclusion of FMUs and/or excision:		
Control measures to prevent mixing of certified and non-certified product (C8.3):		
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)

8.0 ANNUAL DATA UPDATE

8.1 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender): 61		
55 male workers	6 female workers	
Number of accidents in forest work since last audit	Serious: 0	Fatal: 0

8.2 Annual Summary of Pesticide And Other Chemical Use

FME does not use pesticides.