

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

Humboldt Redwood Company, LLC
Humboldt County, CA

SCS-FM/COC-00120N

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<http://hrcllc.com/>

CERTIFIED	EXPIRATION
1 Dec 2014	30 Nov 2019

DATE OF FIELD AUDIT
19 Aug 2014
DATE OF LAST UPDATE
29 Oct 2014

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Foreword

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

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

Organization of the Report

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

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Certificate Registration Information

1.1.1.a Name and Contact Information

Organization name	Humboldt Redwood Company, LLC		
Contact person	Gretchen Woessner, Stewardship Administrator		
Address	P.O. Box 712 Scotia, CA 95565	Telephone	(707) 764-4199
		Fax	(707) 764-4400
		e-mail	gwoessner@hrcllc.com
		Website	hrcllc.com

1.1.1.b FSC Sales Information

<input type="checkbox"/> FSC Sales contact information same as above.			
FSC salesperson	Adam Steinbuck, Director, Asset Management		
Address	P.O. Box 712 Scotia, CA 95565	Telephone	707-485-6720
		Fax	707-485-7918
		e-mail	asteinbuck@mendoco.com
		Website	mrc.com

1.1.2 Scope of Certificate

Certificate Type	<input checked="" 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)	N/A	
Number of FMU's in scope of certificate	1	
Geographic location of non-SLIMF FMU(s)	Latitude: 40°50'25" - 40°08'16" degrees North Longitude: 124°12'44" - 123°42'36" degrees West	
Forest zone	<input type="checkbox"/> Boreal	<input checked="" type="checkbox"/> Temperate
	<input type="checkbox"/> Subtropical	<input type="checkbox"/> Tropical
Total forest area in scope of certificate which is: Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac		
privately managed	209,661 acres	
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	1
Total forest area in scope of certificate which is included in FMUs that:			Units: <input type="checkbox"/> ha or <input type="checkbox"/> ac
are less than 100 ha in area	0		
are between 100 ha and 1000 ha in area	0		
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	0		
Division of FMUs into manageable units:			
HRC's lands are divided into 2 areas of management, North and Central/South, each with a Forest Manager. The management areas are contiguous north to south.			

1.2 FSC Data Request

1.2.1 Production Forests

Timber Forest Products	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
Total area of production forest (i.e. forest from which timber may be harvested)	172,238
Area of production forest classified as 'plantation'	0
Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems	49,780
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	122,548
Silvicultural system(s)	Area under type of management
Even-aged management	
Clearcut (clearcut size range)	0
Shelterwood	0
Other: Variable Retention & Rehabilitation	12,194
Uneven-aged management	
Individual tree selection	52,102
Group selection	107,942
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 (m3 of round wood)	55 mmbf averaged annually from 2008-2017
Non-timber Forest Products (NTFPs)	
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	28,415
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	N/A
Explanation of the assumptions and reference to the data source upon which AAH and NTFP harvest rates estimates are based:	

The company is committed to an average annual harvest rate of 55MMBF through the year 2017. Thereafter it is expected that the rate of harvest will increase. This increase will be based on landscape planning using the ForSee growth-and-yield model.
Species in scope of joint FM/COC certificate: <i>Scientific/ Latin Name (Common/ Trade Name)</i>
Coastal redwood (<i>Sequoia sempervirens</i>), Douglas-fir (<i>Pseudotsuga menziesii</i>), Grand fir (<i>Abies grandis</i>), Tanoak (<i>Notholithocarpus densiflorus</i>)

1.2.2 FSC Product Classification

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

1.2.3 Conservation Areas

Total area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives		28,637 acres		
High Conservation Value Forest/ Areas				
High Conservation Values present and respective areas:		Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac		
	Code	HCV Type	Description & Location	Area
<input checked="" type="checkbox"/>	HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	Refugia forest stands containing Type 1 and Type 2 old growth redwood and Douglas-fir not included in HCV2	1,198
<input checked="" 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.	Larger scale refugia redwood forests containing Type 1 and Type 2 old growth along with second growth preserved in marbled murrelet conservation areas (MMCAs)	6,515
<input type="checkbox"/>	HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.		
<input checked="" type="checkbox"/>	HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).	Riparian Management Zones (RMZs)	35,830

<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'				43,543

1.3 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.		
<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)

1.4 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):	
# male workers: 49 HRC employees, 142 contractors	# female workers: 5 HRC employees, 1 contractor

1.5 Pesticide and Other Chemical Use

HRC did not use herbicides this year but has in past years and does plan to use them in the future.				
Commercial name of pesticide / herbicide	Active ingredient	Quantity applied annually (kg or lbs)	Size of area treated annually (ha or ac)	Reason for use

1.6 Standards Used

1.6.1 Applicable FSC-Accredited Standards

Title	Version	Date of Finalization
FSC US Forest Management Standard	1-0	July, 2010
All standards employed are available on the websites of FSC International (www.fsc.org), the FSC-US (www.fscus.org) or the SCS Standards page (www.scsglobalservices.com/certification-standards-and-program-documents). Standards are also available, upon request, from SCS Global Services (www.SCSglobalServices.com).		

1.7 Conversion Table English Units to Metric Units

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

2. Description of Forest Management

2.1 Management Context

2.1.1 Regulatory Context

Pertinent Regulations at the National Level	Endangered Species Act Clean Water Act (Section 404 wetland protection) Occupational Safety and Health Act National Historic Preservation Act Archaeological and Historic Preservation Act Americans with Disabilities Act
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	U.S. ratified treaties, including CITES Lacey Act Forest Resources Conservation and Shortage Relief Act National Resource Protection Act National Environmental Protection Act National Wild and Scenic River Act Native American Grave Protection and Repatriation Act Rehabilitation Act Architectural Barriers Act
Pertinent Regulations at the State / Local Level	Z'Berg-Nejedly State Forest Practices Act of 1973 California Endangered Species Act California Environmental Quality Act California Civil Code Section 1008 Native Plant Protection Act Porter-Cologne Water Quality Control Act The California Forest Practice Regulations (FPR) Williamson Act Timberland Productivity Act

Regulatory Context Description

Adapted from the 2009 HRC certification report:

California forest practice regulations are developed by a governor-appointed Board of Forestry and based on the Z'Berg-Nejedly Forest Practices Act of 1973. Additionally, the Federal Endangered Species Act, the California State Endangered Species Act and EPA Clean Water Act also play a significant role in regulating forestry activities in California. A long-term sustained yield plan must be prepared for all ownerships larger than 50,000 acres and individual Timber Harvest Plans (THP) must be prepared for every timber harvest project. The THP is considered the functional equivalent of an environmental impact report (EIR) under the California Environmental Quality Act (CEQA). The lead agencies for overseeing the THP process are the California Department of Forestry and Fire Protection (CAL FIRE) and California Regional Water Quality Control Board (CRWQCB). The California Department of Fish and Game (CDFG) and the California Department of Mines and Geology (CDM&G) also provide significant input into the THP process. As a group, the agencies review the written THP and evaluate the company's compliance with the FPA by making onsite visits before, during and after harvest. Moreover, the THP process is a public process. The project proponent files their long-term plan and THP with the state and the public is given opportunity to provide written or verbal comment to the agencies. The agencies are required to respond to each comment in writing. Additionally, the National Marine Fisheries Service monitors each project's protection of RTE anadromous fish (chinook and coho salmon and steelhead trout). The California Department of Fish and Game monitors other RTE species on behalf of the National Fish and Wildlife Service.

2.1.2 Environmental Context

Environmental safeguards:
HRC employs numerous protection mechanisms for soil and water resources that go above and beyond the CA Forest Practice Rules in compliance with the terms of their Habitat Conservation Plan (HCP). Special monitoring and prescriptions are designated in the HCP for erosion control, harvest prescriptions near water ways, road maintenance and fisheries management. The effectiveness of these protection measures is assessed by independent observers.
Management strategy for the identification and protection of rare, threatened and endangered (RTE) species and their habitats:
Similarly, protection measures for RTE species are laid out in the HCP. Extensive areas have been set aside for habitat needs and annual population monitoring is conducted to determine the effectiveness of RTE species protection measures and to remain up to date on any population changes that might require a change in procedures.

2.1.3 Socioeconomic Context

Adapted from the 2009 HRC certification report

According to the most recent U.S. Census Bureau estimates, Humboldt County has 37.7 persons per mi² with a population of 134,500. It is 84.4% white, 10.5% in part or whole Hispanic or Latino, 6.2% Native American, and 1.3% black. The State distribution is 73.5%, 38.4%, 1.7%, 6.6%, respectively, with 14.1% being Asian. As of 2012 in Humboldt County, of those older than age 25, 90.3% had a high school diploma while 26.0% had a bachelor’s degree or higher. These numbers were 81.0% and 30.5% for the State, respectively. In 2012, median household income was \$40,830 for the County versus \$61,400 for the State. At the time of this report, unemployment was at 7.2%.

Since 1990, employment in most sectors of the economy has fallen significantly in northwest California. Today in Humboldt County, timber production, ranching, agriculture, recreation, and tourism are still the common uses of the land. However, the business environment has changed, especially for forest industry. This was due to a wide range of related occurrences, such as changes in mill technologies, corporate consolidation of the industry and associated downsizing, historic over capitalization/excess mill capacity, shifting policy priorities on public lands, and diminishing log supplies.

The decline in the forest products industry has occurred in tandem with the rise of the marijuana industry, which is now estimated to make up at least 26% of the county’s economy, with approximately \$400 million in marijuana money circulating in the county annually (as of 2011). Recent and future ballot initiatives to legalize marijuana grow operations have met with sharply divided opinions by the local populations. The fear that legalization will significantly reduce the sale price of marijuana, causing the economy to crash, is offset by the hope that Humboldt branded marijuana could bolster tourism and become an industry equivalent to Napa wine. The socioeconomic impacts of the marijuana industry will likely remain in flux for the next several years pending legislative outcomes.

Government, manufacturing, services, and hospitality jobs are the largest employers in the county with government, services, and retail trade expected to produce the largest future growth in employment (up to 90%). So, while the forest industry had been the County’s top industrial sector for years, it is, despite its recent fall off, still an important contributor to the County economy for both employment and value-added production. In addition, the natural resource base has continued to make Humboldt County a

primary tourist destination, focused primarily on the fame of its giant redwood trees. Popular tourist destinations include Humboldt Redwoods State Park, Richardson Grove State Park, and Redwoods National Park. The largest employers in Humboldt County include Humboldt County, Humboldt State University, St. Joseph Health System, Eureka City Schools, College of the Redwoods, The Sun Valley Group, Green Diamond Resource Co., Mad River Hospital, HRC, and the U.S. Postal Service.

2.1.4 Land use, Ownership, and Land Tenure

Adapted from the 2009 HRC certification report

Prior to the 1850s, HRC forestlands were largely late successional Coastal Redwood and Douglas-fir mixed forests supporting communities of Native Americans such as the Wiyot, Sinkyone, Whilkut, and the southern Athabascans that include the Mattole and Nongatle. These peoples used fire to clear areas and improve hunting, especially along the borders of the redwood forest where woodlands and prairies existed. The first sawmill was established on Humboldt Bay in the 1850s, marking the beginning of the lumber industry on what became known as the Redwood Coast of California. Initial harvesting in the 1850s and 1860s began at the mouths of watersheds and progressed up-stream and up-slope to ridgelines. By the end of World War II tractors and trucks were in common use, a transition that stimulated construction of a road network to access HRC property, much of which is still used.

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

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

Ranching is also an extensive land use in Humboldt County. HRC's grazing lease policy seeks to minimize resource damage, while providing HRC with the benefit of reducing fire hazard by lowering the amount

of dry standing grass in the summer. Grazing leases are written up individually – new BMPs are being incorporated into renewed leases this year.

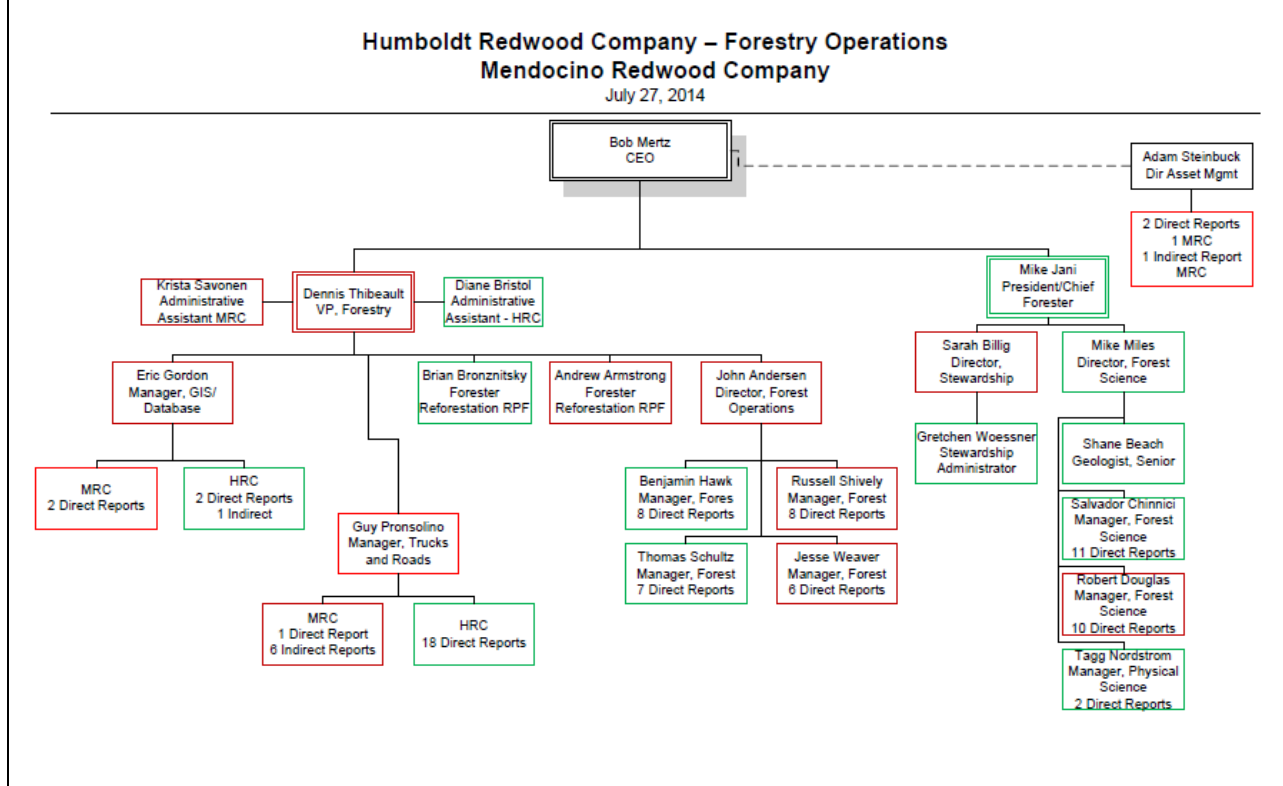
2.2 Forest Management Plan

Management Objectives:				
<p>Long-term objectives for HRC’s timber management include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Bring an uneven-age stand structure back to the forestlands that have been managed as even-aged. <input type="checkbox"/> Restore tree species composition to pre-1850 conditions where stand composition has been altered. <input type="checkbox"/> Build up conifer stocking across the property (annual harvests will be less than annual growth until inventory goals are achieved). <input type="checkbox"/> Maintain sustainable log production over the long term. <p>Short-term objectives include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Improving the reliability of forest inventory tracking. <input type="checkbox"/> Set up systems for monitoring inventory changes. <input type="checkbox"/> Assess stands for FSC Type 1 and Type 2 old growth and train staff in implementing old growth protections. 				
Forest Composition and Rationale for Species Selection:				
<p>Vegetation on HRC lands is primarily Coastal Redwood and Douglas-fir Mixed Conifer Forests. Areas that lie inland farther from the influence of the marine climate, and holdings in the Bear and Mattole River drainages are dominated by Douglas-fir and Hardwood Mixed Evergreen Forest. Approximately 95% of the property is forested, with the remaining area covered by prairie, shrubs, and waterways. Logs are currently sold for all commercially viable species.</p>				
General Description of Land Management System(s):				
<p>HRC uses the following decision table in prescribing silvicultural treatments:</p>				
General Decision Logic for Selecting Silviculture Methods				
Conifer Stocking (basal area, sq. ft. per acre)	Hardwood Stocking (basal area, sq. ft. per acre)			Grand fir, Sitka
	>60	20 – 60	<20	
>125	Selection, Group Selection, Alternative Group Selection (green)			
105 - 125	Restoration VR (Variable - conifers must be large)	(Alternative) Transition (yellow)		
50 - 105				
<50	Rehabilitation (blue)	(Alternative) Seed conifers	Tree Removal - large (left)	
<p>The trend in silviculture implementation will migrate stands toward a condition where they can continuously be managed under Selection and Group Selection methods. Each silviculture method has a 20-year re-entry interval.</p>				
Harvest Methods and Equipment used:				
<p>HRC employs ground based tractor yarding, cable yarding and in exceptionally steep terrain helicopter</p>				

logging. All trees are hand felled and crews are managed by LTOs.

Explanation of the management structures:

The organizational chart below describes the management structure of both HRC and MRC. The color coding indicates where the person is physically located (red = Mendocino, green = Scotia). Positions that are only at one company or the other are specifically called out – otherwise the position reports to both companies.



2.3 Monitoring System

Growth and Yield of all forest products harvested:

HRC lands are divided into 13 Sustainability Units (SUs), ranging from 5,000 to 24,000 acres in size, which are the primary resource management units for the property. SUs are organized by watershed, each with their own set of established management constraints based on geology, soils, species composition and volume, RTE species, and unique features. A new, property wide forest inventory was completed in 2013. Based on this new data, an estimate of inventory, growth, and harvest over the next fifty years will be created for each sustainability unit. HRC’s forest landscape planning incorporates a number of modeling tools and components, including a Geographic Information System (GIS), forest inventory data, forest growth and yield models, and software to manage data and analyze prescription alternatives and choices.

Forest dynamics and changes in composition of flora and fauna:

The recently completed inventory mentioned above captures all relevant data needed to accurately assess changes in forest dynamics and species composition.

Environmental Impacts:

The HCP mandates implementation and effectiveness monitoring for most aspects of environmental impacts associated with timber operations, including potential impacts on RTE species population and

habitat, erosion, sedimentation and road management and water quality.
Social Impacts:
HRC conducts monitoring for social impacts in a variety of ways, and invites public input through meetings, the web site, field trips, and one-on-one discussions. Use of a monitoring-reporting form to track social and community input aids in tracking these activities and any input received.
Costs, Productivity, and Efficiency:
Income and expenses are carefully tracked by the accounting department. Revenue is primarily from log volumes sold. Expenses include contracted logging costs, road improvements, forestry work, wages and overhead, wildlife and aquatics surveys and monitoring, forest restoration work, tree planting, property and yield taxes, interest, and insurance.

3. Certification Evaluation Process

3.1 Evaluation Schedule and Team

3.1.1 Evaluation Itinerary and Activities

Date Aug 18th, 2014	
FMU/Location/ sites visited	Activities/ notes
Monday Club, Fortuna, CA	Public meeting, 7:00 – 8:30pm at the Monday Club Building, 610 Main Street, Fortuna, CA.
Date Aug 19th, 2014	
FMU/Location/ sites visited*	Activities/ notes
HRC Office, Scotia	Opening Meeting: Introductions, client update, review audit scope, audit plan, intro/update to FSC and SCS standards and protocols, review of open CARs/OBS, final site selection and audit logistics.
Full audit team site visit to the Mattole tract, Long Ridge THP	<ul style="list-style-type: none"> • Site visit to the road blockade and tree sit sites – lunch and discussion with the defenders on site • Half the audit team and two stakeholders hike the proposed harvest site for three hours, entering past both tree sits and hiking down the hill along the proposed road • Extensive discussions during the hike regarding old growth policies, potential old growth sites and individual trees, best practices for siting the road, what constitutes RSAs and how to implement them in the Mattole, stakeholder engagement and communication practices, meadow restoration and the FPRs, off-site planting of redwood. • Auditor Sheila Steinberg stayed at the road blockade to conduct additional stakeholder interviews on the specific topics relevant to management in the Mattole.
Date Aug 20th, 2014	
FMU/Location/ sites visited*	Activities/ notes
Auditors: Liz Forward, Joe McBride, site visits in the Elk river Watershed and vicinity	<ul style="list-style-type: none"> • Blanton Creek THP: walked through the recently logged unit; 700 ac selection and group selection harvest; cable and tractor yarding; avg 20 year re-entry, includes old PALCO clearcut and other second growth; interview with logging crew, appropriate fire box, water pump and first aid equipment on site; load tickets

	<p>include all necessary info.</p> <ul style="list-style-type: none"> • Alan Creek Marble Murrelet Conservation Area: discussed survey methods for both MM and NSO at survey stations along trail; discussed annual reporting requirements and what results are showing about habitat and population changes; • Next Bex Thing THP: Bex Ridge THP, historic railroad logging area, discussed past road work, including re-engineered roads, new skid trails; extensive arch survey work done due to historic logging sites due to the old railroad grade and trestle remnants; stand had high defect with conk (25%) so took out most of the fir and ended up with 50/50 RW/DF harvest; will underplant with RW, DF will regenerate naturally; discussion of slope stability and sensitive geologic areas – no group selection on high erosion zones – plan went through long geo review due to numerous unstable areas and conditions of the CAO; interview with logging crew and foreman – all equipment and documents in compliance. • McDoe THP: 530ac, 8 units up for second review, all selection with RW marked; high site, trees 65 – 70 years old; reviewed marking decisions; discussed Elk River impacts and peak flow conditions upstream with canopy reduction – checked with water quality and did a peak flow analysis based on Jackson State Caspar Creek study; modeling is based just on canopy reduction, but one unit showed increased peak flow. • Hydrological monitoring station #517 at the trestle arch site: extensive discussion of hydrological monitoring protocols and watershed analysis as required by the HCP; what monitoring reports are generated and how they are made public • Bridges Creek logjam: site visit to natural logjam that formed below a road culvert after a natural landslide event; trapped logs created a sediment trap, creating ideal downstream conditions for fish habitat; after seeing the positive results from the logjam, will partner with water quality to put additional sediment traps along the S. fork of the Elk River, in the hopes of creating additional stretches with natural sediment conditions.
<p>Auditors: Robert Hrubes, site visits in the SE portion of the property</p>	<ul style="list-style-type: none"> • Bear Creek: Rework of water course due to a 20/30 year flow event that diverted and undercut road and led to loss of surface area. The channel was moved and logs were added. Reported to water board, overall improvement in sediment discharge. • Bear Creek: Hydrology Station - thorough overview of 10 year monitoring station system and function provided by hydrologist. Background was provided for monitoring station in terms of complying with HCP, tracking of long term trends, and driving decision making processes related to water discharge permit requirements and management practices (TMDL). • Casa Roja THP: interview with contractor, discussion of bidding system and impacts, and changes in working

	<p>relationships/conditions for long term contractors as well as shifting industry practices; VR, yarding site which was logged last year but rained out and now finishing job; discussion of safety and accidents; conversation related to labor practices and migrant subcontracting as well as related stories in industry; review of VR planning and implementation.</p> <ul style="list-style-type: none"> • Big Jay THP: examination of culvert and active earth flow resulting from 100 year flow event; culvert and bridge construction comprehensively analyzed and implemented. • Big Jay THP: Group selection across THP; ground based and cable logging; textbook selection allowed for new crop to establish through openings; goal of 20 year, uneven aged entries combined with restorative harvesting; overall well stocked stand; extensive discussion of herbicide applications and prescriptive treatments as related to management goals. • The Bear THP: group selection with CLB limited harvest; walk through investigation of tree marking; discussion related to training of tree markers; overview of training for markers and reviewing their work prior to harvesting.
Auditors: Sheila Steinberg	Face-to-face stakeholder and HRC staff interviews. See notes on stakeholder discussions below.
Date Aug 21st, 2014	
FMU/Location/ sites visited*	Activities/ notes
Full audit team visit to THPs above Elk River drainage residential area	McCloud/Shaw THP: Walk through of proposed new road and harvest above the S. Fork of the Eel; discussed stakeholder concerns in the Eel river drainage, including harvest impacts on sedimentation and flooding; reviewed and discussed harvest mark decisions and leave trees; discussion on proposed watershed study and impacts of draft TMDL
12pm, HRC Office, Scotia Closing Meeting Preparation	Audit team took time to consolidate notes and confirm audit findings.
4pm, HRC Office, Scotia Closing Meeting and Review of Findings	The audit team convened with all relevant staff to summarize the audit findings, potential non-conformities and next steps in the recertification process.
5pm Auditors depart	

3.1.2 Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	3
B. Number of auditors participating in on-site evaluation:	4
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	4
D. Total number of person days used in evaluation:	16

3.1.3 Evaluation Team

Auditor Name:	Robert J. Hrubes, Ph.D.	Auditor role:	Lead Auditor
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Qualifications:	<p>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 Forest 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>		
Auditor Name:	Joe R. McBride, Ph.D.	Auditor role:	Team Auditor
Qualifications:	<p>Joe R. McBride is Professor of Landscape Architecture and Forest Ecology at the University of California in Berkeley. He received a B.S. degree in forestry from the University of Montana and M.S. (Forestry) and Ph.D. (Botany) degrees from the University of California, Berkeley. His teaching and research are centered on forest ecology and trees in urban areas. His current research in forest ecology is focused on the invasion of Douglas-fir in grasslands along the central coast of California. His research in the area of urban forestry is documenting the reconstruction of urban forests that were destroyed during World War II in Europe and Japan. Since 1990 he has worked as a consultant to the Sea Ranch Association and for a variety of property owners at the Sea Ranch on issues related to vegetation management.</p>		
Auditor Name:	Sheila Steinberg, Ph. D.	Auditor role:	Team Auditor – social focus
Qualifications:	<p>Dr. Steinberg is Professor of Social Sciences at Brandman University in Irvine, California. She completed her bachelor's at the University of California, Santa Barbara (Environmental Studies/Communication Studies); her master's at the University of California, Berkeley (Wildland Resource Science); and her doctorate at The Pennsylvania State University (Rural Sociology). Dr. Steinberg worked at Humboldt State University as a Sociology professor from 2000-2013 where she conducted much research of community/environment interactions. Her research interests include community, socio-spatial research, GIS, applied sociology, research methods, ethnic communities, globalization, poverty, policy and environmental sociology. She has conducted field research in Nepal, Guatemala, New Mexico, Pennsylvania and California. The theme throughout this research has been the examination of people and their relationship to space and place. Recently, she has co-authored a chapter on this topic entitled "Geospatial Analysis Technology and Social Science Research." in the Handbook of Emergent Technologies, Sharlene Hesse-Biber, Editor, Oxford University Press 2011. Another recent publication is a book chapter entitled, "Global Women Superheroes: Place, Space and Action," in Chapter in: Women's Encounter with Globalization. Samir Dasgupta, R. Driskell, N. Yeates and Y. Braun (Eds.), London: Front Page Publishers 2010. In 2006, Dr. Steinberg co-authored a book for Sage Publications entitled, GIS for the Social Sciences: Investigating Space and Place. Her</p>		

	research examines the intersection of community, people, place and the environment through a policy lens.		
Auditor Name:	Liz Forward	Auditor role:	Team Auditor
Qualifications:	Ms. Forward is a Certification Forester in the SCS Forest Management program. She holds a B.A. in Human Biology from Stanford University and Masters of Environmental Management and Masters of Forestry degrees from Duke University’s Nicholas School of Earth and Environmental Science. She has worked in rural land use planning in Colorado and Montana and in forest certification and sustainable agriculture in Indonesia. She is an ISO accredited lead auditor and a Registered Professional Forester (RPF #2974) in the state of California. She has conducted forest management and Chain of Custody evaluation and surveillance audits throughout the United States and Indonesia.		

3.2 Evaluation of Management System

3.2.1 Methodology and Strategies Employed

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

3.2.2 Pre-evaluation

A pre-evaluation of the FME *was not* required by FSC norms.

A pre-evaluation of the FME was conducted as required by and in accordance with FSC norms.

3.3 Stakeholder Consultation Process

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

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

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

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:

3.3.1 Stakeholder Groups Consulted During Evaluation for Certification

FME Management and staff	Pertinent Tribal members and/or representatives
Consulting foresters	Members of the FSC National Initiative
Contractors	Members of the regional FSC working group
Lease holders	FSC International
Adjacent property owners	Local and regionally-based environmental organizations and conservationists
Local and regionally-based social interest and civic organizations	Forest industry groups and organizations
Purchasers of logs harvested on FME forestlands	Local, state, and federal regulatory agency personnel
Recreational user groups	Other relevant groups

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

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

Stakeholder Comments	SCS Response
Economic Concerns	
One stakeholder commented: that HRC is a new member of the community and that fit in really well. HRC seems to be treating their employees well. City leaders of various communities in the county are all mindful of the timber industry because that has historically been the main economic driver and HRC is a critical element of that driver. While the recession may be technically over, there just aren’t	These comments are noted. Many stakeholders recognize the important role that HRC plays in supporting the local economy through providing jobs. Others felt that while generally the company’s presence improves the local economic conditions, more targeted efforts at supporting local economies would be appreciated. Such opportunities for further local economic support do not constitute a non-conformance with any Indicators in the Standard.

<p>as many jobs or places to work. HRC is very vital to the community. HRC is engaged; they don't want to go away and their actions demonstrate that.</p> <p>Any natural resource jobs are good for the community which remains a resource based economy; the community appreciates the maintenance and creation of resource based jobs.</p> <p>Employment levels are being maintained- HRC is improving their mills, which is very important to this area.</p>	
<p>Another stakeholder expressed their opinion of HRC as "OK and that they don't hear anything negative about them." This stakeholder expressed a desire that HRC be more involved in Rio Dell, ideally locating some business concerns in Rio Dell, which would be a real plus for the community.</p>	
<p>A stakeholder noted that HRC has contributed cost shares to remediate a project in one of the watersheds that they have a holding in. They contributed \$120,000 for channel restoration project. With regard to the Elk River Watershed: it's an incredibly controversial watershed that's had some effects from timber harvests. HRC acquired the lands from Pacific Lumber Company.</p> <p>Another stakeholder that was interviewed focused on a grazing permit they held on the land when it was owned by Pacific Lumber. While HRC considered</p>	<p>Interviews with stakeholder suggest that HRC has been open to working with landowners in the area and in some cases the company has facilitated improvements through connecting landowners with organizations and grants. Interviews also indicated that HRC occasionally partners with individual landowners to focus on environmental improvements on their land.</p> <p>These comments do not, in the judgment of the audit team, indicated possible non-conformities relative to the certification standard.</p>

<p>grazing to be incompatible with their management objectives and the lease was therefore not renewed, the stakeholder acknowledged that HRC was considerate and respectful in the transition process.</p>	
<p>Another stakeholder commented, positively that “HRC has developed policies for grazing and approved for me to do quite a bit of work on the ranch. We never wanted to make those kinds of investments- even though we’d been there [on the ranch]. We only had a 2 year lease. Weren’t going to make an investment. A big change is they wanted me to work with NRCS and they have some cost saving programs and HRC to approve that. They’ve given me a long term lease. Things are not only good for my business but good for sensitive riparian areas, all stuff that has been good for the environment and good for the ranch.”</p>	
<p>A stakeholder expressed concern about squatters. They are difficult to deal with and there is a lot of trash.</p>	<p>Interviews with HRC personnel indicate that this is the first year that they have had a number of people squatting on their land due to rural homelessness. These are not pot-growers but, rather, people who are financially stressed, displaced and who are car camping because they cannot afford rent. Interviews with HRC staff indicate that they try to work with these people in a positive manner to limit their negative impact on company property-and encourage them to leave and move to more appropriate accommodations.</p>
<p>One stakeholder noted, positively, that HRC purchased animals at the county fair raised by 4H members and they view this as an example of how HRC takes efforts to support the local community.</p> <p>A stakeholder observed that forestry in Humboldt County is “not like the old days” but, on</p>	<p>Interviews with stakeholders suggest that HRC supports various community causes – perhaps not to the extent that Pacific Lumber Co. did, but support and involvement still occurs and is appreciated.</p>

<p>the other hand, HRC are not carpetbaggers though they could do more for the community. And workers in the HRC mill are pretty happy.</p>	
<p>One stakeholder opined that HRC’s priority boils down to what its representative said at the public meeting—that he places a lot a value on maintaining his job, regardless of the consequences for the forest.</p>	<p>The audit team does not agree with this stakeholder’s recollection of what the HRC representative stated at the public meeting. That representative expressed the importance of employment and cited himself as an example of how individuals value the importance of being employed. But this representative quite clearly did not say that his job takes precedence over sound management of the forest. The audit team concludes that the HRC representative was attempting to say was that the company shares with stakeholders the importance of jobs to the community while also maintaining/improving the health of the forest they own and manage.</p>
<p>Social Concerns</p>	
<p>Some employees interviewed expressed concern about declining morale due to reduced staffing levels when the overall challenges of managing the forest are not decreasing, which is resulting in heightened workloads for people still on staff. That is, a “make do with less” strategy may be more financially cost effective but it comes at an unavoidable cost in terms of diminished employee morale.</p> <p>Some employees interviewed expressed a desire for better communication from managers about key management decisions.</p>	<p>The combination of stakeholder comments and the impressions of the audit team while discussing the issue during the course of the audit led the audit team to issue Observation 2014.2.</p>
<p>Comments were received about changes in upper management of HRC and associated changes in staff-level positions. New personnel have instituted changes, many apparently designed to “make do with less,” that have created uncertainty and stress.</p>	

<p>Some stakeholders expressed disagreement with the tactics of the “forest defenders” in blockading the road to the proposed timber harvest in the Mattole River watershed</p>	<p>Confirmed by interviews at the blockade and with HRC employees and stakeholders. Interviews suggest that the road blockade to the Long Ridge logging plan has been in effect since April 2014. The company has allowed the tree sitters to block the road and occupy the land since that time. Logging truck access to the region is blocked but access can occur through using an ATV. The audit team considers that the company has demonstrated and continues to demonstrate an exemplary willingness to address and accommodate the concerns underlying the actions of the “forest defenders.” Of note, senior HRC employees met with Mattole stakeholders, including several “forest defenders” during the week of October 27th, in an ongoing effort to arrive at an appropriate course of action in the Mattole.</p>
<p>Some stakeholders commented that HRC personnel do listen to and are quite involved with different groups each holding different opinions in the watersheds where the company has property.</p> <p>Stakeholders in Elk River noted that they We also work-we are in a group called the Elk River Grazing and non-industrial timber grazing We have interaction with Green Diamond and HRC involved in these meetings</p> <p>A stakeholder commented that, from their perspective, HRC does do outreach and that they are pretty proactive responding to residents’ concerns. HRC’s practices compare favorably to those of its predecessor, PL.</p>	<p>The audit team does take note that not all stakeholders feel like they are included or have been adequately engaged by HRC. While the audit team noted many positive examples of stakeholder interactions and outreach, there are also situations where communication had not been as effective, resulting in tensions and misunderstandings. The audit team found that specifically on the topics of High Conservation Values and management of individual old growth trees, less than fully effective communication has led to uncertainty and confusion on the part of some stakeholders.</p> <p>See: Observation 2014.10, Minor CAR 2014.6 and Minor CAR 2014.18.</p>
<p>The audit team heard that HRC seems to be doing a good job. Recollection was made of the “timber wars;” “watch dogs” are now part of the equation. HRC is very open with the community wanting to see what is happening. Nothing has gotten out of hand and people are satisfied.</p>	

<p>Some residents of the Elk River watershed remain very dissatisfied with ongoing sedimentation and they remain convinced that HRC's harvesting activities are still contributing to that sedimentation.</p> <p>Other stakeholders, including in Elk River, have a more positive perspective and HRC, their management activities, and their efforts to interact with stakeholders</p>	
<p>HRC owns 18,000 acres in the Mattole watershed; as such, its activities have significant social, ecologic and economic influence on the quality of life of the watershed residents.</p>	<p>Duly noted. The audit team conducted numerous stakeholder interviews and held a public meeting prior to the opening of the audit in recognition of the significant social, ecological and economic impact HRC has on the local community, and the long history of stakeholder involvement with the company.</p>
<p>A stakeholder at the public meeting held as part of the audit who is a Tribal Member of Bear River asked if HRC would donate any property that has been logged or possibly donate a large tree/log to enable the application of tribal custom and practice to build a canoe.</p>	<p>The audit team notes that HRC representatives at the meeting said that they would consider this request but the company much more commonly deals on a "nation to nation" basis with enrolled members of recognized tribes.</p>
<p>Environmental Concerns</p>	
<p>Some stakeholders that have had ongoing interactions with both HRC and SCS over the past several years again offered comment as part of this audit that Redwood Gulch (in the Elk River basin) is highly impacted by sediment. They brought to the attention of the audit team that sedimentation in the lower reaches is ongoing, substantial and, in their strongly held views is attributable to only to legacy effects but also current logging activities in the upper reaches of the watershed.</p>	<p>The ongoing issues over sedimentation in the lower reaches of Elk River are well known to SCS through prior audits. During each audit that has been conducted of HRC, the audit team has interviewed affected downstream stakeholders, HRC personnel as well as regional and state agency personnel. The audit team also notes that there remain differences of opinion within and across agencies as to the causes of the ongoing sedimentation and the appropriate protections and remediation that will resolve the situation.</p> <p>The audit team also notes the considerable time and monetary outlays that HRC has made and is continuing to make in response to concerns and issues that have been raised by local residents. As well, HRC has demonstrated, in the judgment of the audit team, a genuine commitment to interact and comply with regional, state and</p>

<p>From one stakeholder’s perspective, the main issue is how the accumulated silt that has been there as a result of past logging practices will be cleaned up and remediated. This stakeholder feels that current management is doing a good job and that there is evidence to support this. Old photos of the watershed show silt so high it fills in under the bridge.</p> <p>Other stakeholders hold much harsher and dissatisfied views of the current situation (in the Elk), viewing it as “socially caustic.” The residents are suffering from PTSD from the logging. These stakeholders are convinced that, despite assurances to the contrary, HRC practices are still contributing to the sediment in the Elk. They believe that there is a disconnect between the company and some residents in Elk River. Their concern is that with a watershed that is as heavily impacted as Elk, a different business plan is needed. These stakeholders also point to a draft TMDL report prepared Regional Water Quality Control Board staff that proposes some drastic reductions in anthropogenic sediment and management related to sediment.</p>	<p>federal agencies with standing in the Elk River.</p>
<p>A stakeholder noted that HRC is willing to run their own water line to the affected residents in Elk River, seeing this as evidence of the company trying to take responsibility.</p> <p>But this stakeholder also</p>	

<p>believes that there is more sediment in the creeks; reflecting that roads produce a lot of sediment. Now measurements in the creek show more sediment.</p> <p>Another stakeholder expressed and opinion that HRC is simply trying to maintain the status quo, through its HCP watershed analysis, as opposed to implementing more sediment control measures.</p> <p>A stakeholder noted that there were watershed prescriptions developed for the Elk River watershed and that the company is supposed to revisit the prescriptions. The company is behind on revisiting its prescriptions. This stakeholder believes that watershed protections have gotten less rigorous as a result of watershed analyses.</p> <p>Another stakeholder in Elk River commented that they have a longstanding and good relationship with HRC and that the company is easy to work with. In the context of the TMDL, there are some challenging issues that the company is working through with the residents.</p>	
<p>A stakeholder commented that the Mattole watershed is suffering from sediment in the system. If you were to really research it. We are one of the most unstable sediment production. The Smith is a bigger producer. Our sediment production tends to be both. We have a pretty choked system</p>	<p>The issue of HRC’s planned timber harvests in the Mattole watershed is well known to the audit team through the two prior annual surveillance audits. But since the 2013 audit, HRC initiated the early stages of field operations (road layout and some falling along road rights of way). This field activity triggered more focused and intense reactions from local activists, loosely organized around the name “forest defenders.” Some of the forest defenders initiated direct action protests involving trespass, blockading HRC-owned roads, and tree sitting as well as a web-based informational campaign. Concurrently, ENGO groups such as EPIC that are not collaborating</p>

<p>right now. Our salmon are suffering for it. Helicopter would mitigate the concern on our part.</p> <p>Speaking for other residents in the Mattole, a stakeholder commented that “we are landowners; if the Fisher family who makes decision were to actually realize what kind of estate they have up there on Rainbow they would probably be happier if they could restore this place rather than unravel it a little bit more.” And: “I don’t fault Mike Miles and Mike Jani for following their professional responsibilities, but they are timber people. It the Fisher family would take an interest in that kind of legacy, later generations would benefit and we’d love to have them as part of the community as land stewards.”</p> <p>A stakeholder commented that the Mattole is very unique and that it is a watershed that has not recovered from past management. There is a major slide in Rattlesnake that is not going to heal for a long time. Wood in the stream and on the ground is deficient.</p> <p>This stakeholder believes that HRC’s harvest plans for the Mattole do not conform to the precautionary principle. Harvesting is a real risk with substantial potential consequences. “ It would be egg on the face of FSC if HRC’s plans in the Mattole were go forward and there was another major scar on the landscape.</p>	<p>or coordinating with the “forest defenders” have been engaged in extensive dialogue/negotiations with</p>
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<p>Another stakeholder expressed concern over the 800-acre area south side of Long Ridge in the Mattole. This stakeholder asserts that Mike Jani said they would preserve the North side a couple of years ago. “We don’t want people to be cutting it down.” This stakeholder believes that HRC is changing the definition year by year of what old growth is. They’ve changed their definition to include not only age but old growth characteristics.</p> <p>Another stakeholder commented, regarding the Mattole, that this is the first time they’ve attempted to log here since Charles Hurwitz was the owner.</p>	
<p>A stakeholder commented that, to their understanding, the Long Ridge THP says there are no un-entered areas (primary forest) and no old growth within the plan area. And, apparently, CALFIRE says no are no un-entered areas and no unique areas. This difference of terminology has caused confusion and distrust.</p> <p>Stakeholders are uncertain if HRC is using actual age of trees/stands or the size of the trees (e.g., in excess of 54 inches DBH) in assessing the presence of old growth.</p>	<p>The issue of definitions that the company is using emerged as a point of confusion for stakeholders. There is concern that unclear definitions are being used to determine harvests in areas that some stakeholders value and believe should be protected from harvest. This was determined through interviews and through the public meeting held on 8/18/14. In relation to confusion over old growth protection measures, and the designation of Representative Sample Areas (RSAs) and High Conservation Value Forest (HCVF) areas, the audit team issued Minor CARs 2014.6, 2014.18 and 2014.8.</p>
<p>Stakeholders concerned about the Mattole point out that recent assurances from HRC (such as they won’t cut in a RSA core area) are verbal rather than written/final assurances.</p>	

<p>Areas in the RSA core area are old growth forests. They are all un-entered and show no signs of previous logging.</p>	
<p>Commenting on a recent field visit hosted by HRC, a stakeholder expressed a positive impression of the retention levels in a stand marked for partial harvest. The same approach would be a good fit for Elk River.</p>	<p>Noted as evidence of conformance to pertinent components of the standard.</p>
<p>A commenter expressed support for the extensive analysis undertaken by HRC in the harvest planning and monitoring process: employing licensed geologists, protecting landslide areas, tree retention levels, monitoring water quality and aquatic habitat conditions.</p>	<p>The audit team found that HRC is in compliance with the protocols and practices related to water quality. However, there are opposing views from stakeholders who live in some of these regions (e.g. Elk River) who claim that the water quality is poor and insufficient.</p>
<p>A stakeholder expressed concern that HRC is still using herbicides when their recollection is that, at the time of acquisition from PL, HRC said they would not use herbicides. HRC should more aggressively pursue manual release methods.</p> <p>Another commenter on herbicides: HRC regards the alternative of an herbicide-free THP as “unrealistic”. FSC should regard the use of herbicides as unrealistic. Chemicals used in forestry application such as glyphosate are linked to human diseases such as chronic kidney disease.</p> <p>Concern was expressed about the use of imazapyr. Why not employ Mattole communities in manual weed removal? Many</p>	<p>The issue of herbicide use raised by several stakeholders. It appears that the company does not clearly communicate to the public about what herbicides they are using and there are questions about the types of ingredients that are use. HRC does not appear to engage in dialogue with community members regarding herbicide use. Stakeholders seem to be missing key information regarding herbicide use and have questions. While no non-compliance was noted in relation to the FSC requirements on herbicide use, the issue was noted as another instance of miscommunication in company practices. Please see associated Observation 2014.3.</p>

people in the area have participated in MRC invasive species plant removal projects and seed collection.	
Another stakeholder expressed strong support for HRC’s policies and practices as contrasted with the prior owner’s policies and practices.	Interviews with stakeholders suggest that they are aware that HRC is implementing a better management system than its predecessor, PALCO.
A stakeholder expressed concern that HRC is not employing rocking of road surfaces as extensively as it did in the past.	Interviews with stakeholders suggest there is concern over the quality of environmental work being done with the HRC roads; there is a concern about erosion. The audit team looked at numerous instances of road improvement, new road building, culvert replacement, and bridge replacement. In all instances adequate road construction and attention to potential erosion issues was the norm. No non-conformance warranted.
Comment was received about HRC staff that are holdovers from the PL era--it is hard to change people who’ve been there a long time even though they’ve been given a new mandate. The perception is that some HRC personnel remain inflexible with regard to considering alternatives and safeguards for protecting key wildlife species.	The audit team thoroughly investigated all measures currently employed by HRC for the protection and maintenance of all populations of rare, threatened or endangered species present on their property. All such species are listed in the Habitat Conservation Plan (HCP) and protection measures specific to each species are mandated therein, as alluded to by the stakeholder. The HCP also requires HRC to conduct regular surveys to track population dynamics and habitat use by various species and analysis of this data over time is required to assess the effectiveness of the protection measures and prescriptions. The audit team found that HRC is in compliance with regard to the actions required for sensitive species protection mandated by the HCP. No non-conformance warranted.

4. Results of The Evaluation

Table 4.1 below, contains the evaluation team’s findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. Weaknesses are noted as Corrective Action Requests (CARs) related to each principle.

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

Principle / Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard
P1: FSC Commitment and Legal Compliance	HRC is generally in strong compliance with P1, partially as a	OBS 2014.1; 1.4.a

	factor of the stringency of the FPRs and their HCP.	
P2: Tenure & Use Rights & Responsibilities	Tenure and use rights held by other parties are well maintained and understood by HRC.	None noted
P3: Indigenous Peoples' Rights	Indigenous people's rights and resources have been well protected through HRC's management.	None noted
P4: Community Relations & Workers' Rights	While HRC makes considerable effort toward the requirements under this principle, ongoing issues of communications and stakeholder consultation have led to observations being issued.	OBS 2014.2; 4.1.b OBS 2014.3; 4.4.a
P5: Benefits from the Forest	<p>Since acquisition, HRC has made substantial capital investments in the milling facilities in Scotia, thereby providing a boost to the regional economy.</p> <p>Partial harvesting practices are conducted in a manner that reduces damage to the residual stand.</p> <p>HRC commits extensive working capital and staff to monitoring and protection of aquatic habitats.</p>	OBS 2014.4; 5.4.b CAR 2014.5; 5.6.a
P6: Environmental Impact	<p>Perhaps not matched by any other industrial forest management company in California, HRC engages in a range and intensity of environmental analyses.</p> <p>Protection of endangered species is a substantial element of the HRC management program.</p> <p>WLPZ protection policies are exemplary relative to the FSC standard.</p> <p>HRC does not employ biological control agents or genetically modified organisms.</p>	CAR 2014.6; 6.3.a.3 OBS 2014.7; 6.3.e CAR 2014.8; 6.4.d OBS 2014.9; 6.5.h OBS 2014.10; 6.10.e

P7: Management Plan	HRC’s full management plan is publicly available on the company’s website	OBS 2014.11; 7.1.e OBS 2014.12; 7.1.j CAR 2014.13; 7.2.a CAR 2014.14; 7.3.a
P8: Monitoring & Assessment	Extensive monitoring and reporting is mandated by the HCP, leading to a variety of continually updated and available data on resources across the ownership.	OBS 2014.15; 8.2.c OBS 2014.16; 8.2.d.3 OBS 2014.17; 8.2.d.4
P9: High Conservation Value Forests	Numerous areas have been designated HCVF and are managed accordingly.	CAR 2014.18; 9.2.a
Chain of custody	All contractors interviewed were well versed in CoC procedures.	None noted

4.2 Process of Determining Conformance

4.2.1 Structure of Standard and Degrees of Non-Conformance

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

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

4.2.1 Interpretations of Major CARs, Minor CARs and Observations

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

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

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

4.2.2 Major Non-Conformances

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

4.2.3 Existing Corrective Action Requests and Observations

Finding Number: OBS 2012.5	
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>Observation: 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</p>	

<p>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>Observation: 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 2013 (including any evidence submitted)</p>	<p><i>Interview: Tom Schultz, Forest Manager Central/South (707-764-4408) and Jon Woessner, Forest Manager North (707-764-4376).</i></p>
<p>SCS review 2013</p>	<p>HRC continues to engage with local stakeholders on the Long Ridge Cable THP. No harvesting has happened yet on this THP. OBS sustained so that audit team can follow up in 2014.</p>
<p>FME response 2014 (including any evidence submitted)</p>	<p>No written update response was submitted by HRC but the Finding was discussed at length during the 2014 re-certification evaluation.</p>
<p>SCS review 2014</p>	<p>The OBS was closed by the 2014 Audit Team and replaced by OBS 2014.10 (see below).</p>
<p>Status of OBS:</p>	<p> <input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> <i>Other decision (refer to description above)</i> </p>

<p>Finding Number: OBS 2012.6</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>	<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>
<p>FSC Indicator: 6.3.f</p>	
<p>Non-Conformity (or Background/ Justification in the case of Observations): 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, 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</p>	

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.

Observation: 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.

<p>FME response 2013 (including any evidence submitted)</p>	<p><i>To date, HRC has seldom if not ever encountered a harvest scenario where greater than 4 legacy trees per acre were identified by the Live Cull/ High Value Wildlife Tree “scorecard” currently in use, that were not otherwise protected by HRC’s Old Growth policy. Nonetheless, HRC is working on a revision of its overall forest structure conservation strategy to include changing the 4 tree per acre “live cull” retention maximum, to requiring that <u>all</u> trees identified in the scorecard process be retained. This change, if approved, will ensure the retention of all legacy trees established after 1800 C.E.</i></p> <p>Interview: Mike Miles, Director, Forest Sciences (707-764-4173)</p>
<p>SCS review 2013</p>	<p>HRC continues to engage with local stakeholders on the Long Ridge Cable THP. No harvesting has happened yet on this THP. Revision of HRC’s legacy tree definition as applied among different forest types is underway, but has not been completed. OBS sustained so that audit team can follow up in 2014.</p>
<p>FME response 2014 (including</p>	<p>No written update response was submitted by HRC but the Finding was discussed at length during the 2014 re-certification evaluation.</p>

any evidence submitted)	
SCS review 2014	OBS 2012.6 is closed by the 2014 Audit Team and replaced by Minor CAR 2014.6 (see below).
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> Other decision (refer to description above)

4.2.4 New Corrective Action Requests and Observations

Finding Number: OBS 2014.1	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	1.4.a.
<p>Issue: During the course of the audit, key HRC staff stated their understanding that under the CA Forest Practices Act, it would be a forest practice violation to restore meadows by commercially clearing encroaching coniferous and hardwood trees and then not replanting to meet minimum post-harvest stocking requirements. That is, key HRC staff have been of the opinion that meadow restoration conflicts with legal requirements. However, and subsequent to the audit, the HRC’s Vice President for Forestry Operations found a rule in the Forest Practice Regulations that would appear to provide a procedural pathway by which meadow restoration would not conflict with legal requirements.</p>	
<p>Observation: HRC senior managers and key staff should collectively endeavor to establish a common and legally compliant understanding of the procedural steps for undertaking meadow restoration in a manner that does not conflict with the legal requirements of the California Forest Practices Act, in order that meadow restoration activities can be commenced.</p>	
FME response (including any evidence submitted)	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> Other decision (refer to description above)

Finding Number: OBS 2014.2	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	4.1.b.
<p>Issue: Ongoing consolidation of the HRC and MRC management structure into more centralized/corporate lines of reporting has resulted in reductions in the number of positions at the individual “company level” and substantial changes in the duties of remaining positions. Coupled with additional staff losses due to voluntary resignations, the continual demands of managing this forest operation are now placed on fewer people. The stresses unavoidably brought on by such changes have had an effect on workplace morale, in potential conflict with the FSC expectation that “forest work is offered in ways that create high quality job opportunities for employees.”</p>	
<p>Observation: There are opportunities for senior management to undertake human resource measures aimed at ameliorating the adverse consequences, actual and potential, of workforce changes and “making do with less.”</p>	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> Other decision (refer to description above)

Finding Number: OBS 2014.3	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	4.4.a.
<p>Issue: The ongoing adverse local community reactions to HRC’s management activities in the Elk River watershed and planned management activities in the Mattole River watershed underscore the ongoing need for HRC personnel, at all levels, to strive to understand the likely social impacts of management activities and to incorporate this understanding into management planning and operations.</p>	
<p>Observation: There remain opportunities for HRC personnel to enhance and modify means/modes of communication with affected stakeholders so as to better understand their concerns and to potentially diffuse such concerns by reducing stakeholder misapprehension and uncertainty. Conformance to this requirement would be enhanced by actions taken that demonstrate how stakeholder opinion and social impacts have been explicitly incorporated into management planning and operations.</p>	

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

Finding Number: OBS 2014.4	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	5.4.b.
<p>Issue: With respect to the requirement in the FSC US National Standard that “the forest owner or manager strives to diversify the economic use of the forest according to Indicator 5.4.a.” the audit team notes that the income generated by the HRC forestland is almost exclusively derived from sawn wood products.</p>	
<p>Observation: HRC managers could better demonstrate that they are “striving to” diversify the economic use of the certified forest by more actively pursuing non-timber economic uses such as carbon offset credits, ecosystem service credits, eco-tourism and non-timber forest products.</p>	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: CAR 2014.5	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
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) <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	5.6.a.

<p>Non-Conformity: HRC has demonstrated that it is harvesting at levels at or below maximum sustained yield through an “Option A” analysis/document that is appended to all Timber Harvest Plans (THPs). Though HRC has owned and operated this forest estate for over 5 years, it is still operating under an Option A that was developed by the previous owner, Pacific Lumber Company. The Pacific Lumber Option A was developed on the premise of even-aged management, extensive clearcutting and long-term harvest patterns that collectively are irrelevant to HRC’s management intent, plans and practices.</p> <p>In conflict with the requirements of the FSC US National Standard, HRC’s sustained yield harvest level calculation is not based on silvicultural practices that it is employing on the forest estate; nor is the sustained yield harvest level calculation based on HRC’s (rather than PL’s) management objectives and desired future conditions.</p>	
<p>Corrective Action Request: Be it through a new Option A analysis or through another process separate from the California Forest Practice Regulations, HRC must develop and make publicly available a sustained yield harvest level calculation that is based on current inventory data as well as silvicultural systems and prescriptions that HRC is utilizing or intends to utilize. The sustained yield analysis must be based on HRC’s management practices and HRC’s desired future conditions for the certified forest.</p>	
<p>FME response <i>(including any evidence submitted)</i></p>	
<p>SCS review</p>	
<p>Status of CAR:</p>	<p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Upgraded to Major</p> <p><input type="checkbox"/> <i>Other decision (refer to description above)</i></p>

<p>Finding Number: CAR 2014.6</p>	
<p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p>	
<p>Deadline</p>	<p><input type="checkbox"/> Pre-condition to certification</p> <p><input type="checkbox"/> 3 months from Issuance of Final Report</p> <p><input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation)</p> <p><input type="checkbox"/> Other deadline (specify):</p>
<p>FSC Indicator:</p>	<p>6.3.a.3.</p>

Non-Conformity: Dialogue between HRC personnel and interested stakeholders, as well as dialogue between HRC personnel and the audit team, regarding the company’s evolving plans for their lands in the Mattole River watershed reveals inconsistencies, confusion and possible failures to properly identify and classify areas of the ownership that qualify as FSC Type 1 and Type 2 Old Growth. During the audit team’s site reconnaissance of the Long Ridge THP, a stand was observed that potentially qualified as Type 2 and even possibly—depending on its size—Type 1 Old Growth. Presently, a new logging road is being planned to go through this stand.

The audit team was also informed that HRC has adopted a numerical threshold of 6 old growth trees per acre for delineating Type 2 Old Growth. The basis for this threshold has not been documented and justified. As well, it remains unclear how this numerical threshold is utilized, operationally, given the company’s policy that no old growth trees on the property will be harvested other than for safety and road access reasons.

Corrective Action Request: HRC must: a) undertake additional training and calibration efforts, as appropriate, to assure that all company or contract personnel involved with identifying trees that meet the company’s old growth definition and involved with identifying and delineating all areas meeting the FSC definition of Type 1 and Type 2 Old Growth stands are doing so in a manner that assures conformity to Indicator 6.3.a.3.; b) document and justify the numerical TPA threshold for identifying and delineating Type 2 Old Growth stands; c) utilizing HRC personnel that are properly trained in OG delineation, revisit the stand that the audit team walked through during its reconnaissance of the Long Ridge THP to confirm whether or not that stand merits designation as Type 1 or Type 2 Old Growth.

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

Finding Number: OBS 2014.7	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	6.3.e.
Issue: When planting is employed, this FSC Indicator requires that a local source of known provenance is used when available and when the local source is equivalent in terms of quality, price and productivity.	
Observation: There is an opportunity for HRC to better record/track the geographic origin of seed collection and cutting zones from which material is gathered for propagation/development of planting stock.	

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

Finding Number: CAR 2014.8	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
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:	6.4.d.
<p>Non-Conformity: Criterion 6.4 establishes the process for assessing, designating and managing Representative Sample Areas (RSAs) on the FMU. Field reconnaissance and interviews with foresters during the audit indicated that HRC is considering options to amend their RSA designations. However, key HRC staff do not presently have a thorough understanding of the steps required by the Standard. Under Criterion 6.4, the RSA assessment (Indicator 6.4.a) must be periodically reviewed and, if necessary, updated in order to determine if the need for RSAs has changed. If so, the designation of RSAs (Indicator 6.4.b) must be revised, accordingly. While updating the RSA designations is a viable option for HRC, the company must do so in compliance with the process prescribed by the Standard.</p>	
<p>Corrective Action Request: If areas within the Mattole River watershed, or elsewhere, are to be designated as Representative Sample Areas (RSA's), such designation must be consistent with an updated landscape-scale gap assessment of the current network of protected areas. For the possible designation of stands possessing old growth characteristics, the gap analysis should focus on the extent of protected areas of similar species composition, origin and developmental stage. In short, designation of RSA's in the Mattole must be associated with a supporting, landscape-scale assessment.</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"/> <i>Other decision (refer to description above)</i>

Finding Number: OBS 2014.9	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	6.5.h.
<p>Issue: Per Indicator 6.5.h, grazing by domesticated animals must be controlled to protect in-stream habitats and water quality, the species composition and viability of the riparian vegetation, and the banks of the stream channel from erosion. While cattle grazing is a limited activity on the HRC forest estate, there are a few allotments such as in the Mattole. The audit team has been informed that the company has developed new BMPs for grazing that encourage avoidance of damage to riparian areas and stream zones and that these new BMPs are being implemented as new grazing leases are signed. Given that the BMPs are new, it is not yet known whether they effectively improve protection of aquatic habitat from grazing impacts.</p>	
<p>Observation: There is an opportunity for HRC personnel to confirm that the updated BMPs are achieving desired outcomes with regard to resource protection.</p>	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> Other decision (refer to description above)

Finding Number: OBS 2014.10	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	6.10.e.
<p>Issue: Many stakeholders involved in the Mattole THPs are of the understanding that the company is planning to convert meadows by planting conifers, both Douglas fir and redwood. Conversion of meadows is not well received by these stakeholders. Further, the FSC US National Standard accepts such type conversions only if clearly justified relative to the company's biodiversity conservation objectives and if it is fully documented in the management plan. During the course of the audit, the audit team was assured by key HRC personnel that the company is not, in fact, planning to engage in conversion of meadows.</p>	
<p>Observation: It would be helpful for HRC to make widely known what it assured the audit team, that HRC has no intent to plant redwoods or other tree species in areas that are natural meadows.</p>	

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

Finding Number: OBS 2014.11	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	7.1.e.
<p>Issue: The management plan for FSC-certified forests is expected to include a description of the following resources and outlines activities to conserve and/or protect:</p> <ul style="list-style-type: none"> • rare, threatened, or endangered species and natural communities (see Criterion 6.2); • plant species and community diversity and wildlife habitats (see Criterion 6.3); • water resources (see Criterion 6.5); • soil resources (see Criterion 6.3); • Representative Sample Areas (see Criterion 6.4); • High Conservation Value Forests (see Principle 9); • Other special management areas. <p>Specifically in relation to CAR 2014.8, the activities around designating, managing and conserving/protecting RSAs may soon be updated. If this occurs, the RSA description in the management plan would need to be updated accordingly.</p>	
<p>Observation: If and when an update of RSA designation occurs, the process and any resultant changes in RSA designation and management should be thoroughly described in the HRC management plan. More generally, the HRC management plan does not adequately incorporate the company's current management intent and objectives for its property in the Mattole River watershed.</p>	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: OBS 2014.12	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	7.1.j.
Issue: Per Indicator 7.1.j, the management plan must incorporate the results of the evaluation of social impacts. While numerous examples of HRC's methods for assessing and monitoring social impacts were presented during the audit, the presentation of results from these activities is lacking.	
Observation: There remain opportunities for HRC to more effectively present the results of the company's social impact assessment and monitoring efforts.	
FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> Other decision (refer to description above)

Finding Number: CAR 2014.13	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
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:	7.2.a.
Non-Conformity: In discussion with HRC staff, the audit team learned of the property-wide forest inventory that was completed in 2013. This undertaking represents a substantial improvement over the previous inventory data last collected by the Pacific Lumber Company and should support more accurate management planning. However, this new technical information has not yet been incorporated into the HRC management plan, which must be kept up to date.	
Corrective Action Request: HRC must undertake an update of its management plan to incorporate the property-wide forest inventory that was completed in 2013. The updates must be made publicly available.	
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>
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Finding Number: CAR 2014.14	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
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:	7.3.a.
<p>Non-Conformity: In the course of conducting field reconnaissance of timber harvest operations during the audit, the team was informed on several occasions that the harvest mark being observed was not exactly what the managers considered to be fully what was intended. Commonly, HRC timber markers are entry level personnel, oftentimes summer employees, who are not put through a structured and formal training process. The current approach to training timber markers does not adequately meet the requirement, in the certification standard, that workers are qualified to properly implement the management plan and that all forest workers are provided with sufficient guidance and supervision to adequately implement their respective components of the plan.</p>	
<p>Corrective Action Request: HRC must undertake additional measures including modifying existing training procedures to assure that individuals assigned the critical task of marking trees for harvest are doing so in full and consistent conformance with the company's policies, objectives and guidelines.</p>	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: OBS 2014.15	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	8.2.c.

<p>Issue: Indicator 8.2.c, requires that the forest owner or manager periodically obtains data needed to monitor presence on the FMU of:</p> <ol style="list-style-type: none"> 1. Rare, threatened and endangered species and/or their <i>habitats</i>; 2. Common and rare plant communities and/or habitat; 3. Location, presence and abundance of invasive species; 4. Condition of protected areas, set-asides and buffer zones; 5. High Conservation Value Forests (see Criterion 9.4). <p>At present, HRC has no structured and documented system for monitoring the condition of non-timber RSA types such as White Oak Woodland or meadows.</p>	
<p>Observation: There is an opportunity for HRC to enhance its approach to RSA management by developing and documenting a system or set of procedures for monitoring the ongoing condition of non-timber RSA types.</p>	
<p>FME response <i>(including any evidence submitted)</i></p>	
<p>SCS review</p>	
<p>Status of OBS:</p>	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> Other decision <i>(refer to description above)</i>

<p>Finding Number: OBS 2014.16</p>	
<p>Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation</p>	
<p>Deadline</p>	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
<p>FSC Indicator:</p>	<p>8.2.d.3</p>
<p>Issue: Indicator 8.2.d.3 requires that the landowner or manager monitors relevant socio-economic issues (see Indicator 4.4.a), including the social impacts of harvesting, participation in local economic opportunities (see Indicator 4.1.g), the creation and/or maintenance of quality job opportunities (see Indicator 4.1.b), and local purchasing opportunities (see Indicator 4.1.e). The last year of reporting on social monitoring in the HRC management plan, posted on the company web site, is 2011. Although monitoring past 2011 has been demonstrated through other evidence, the impression from reading the management plan is that it has stopped.</p>	
<p>Observation: Conformity to Indicator 8.2.d.3 would be better demonstrated if the social monitoring section of the management plan was more frequently kept up to date.</p>	
<p>FME response <i>(including any evidence submitted)</i></p>	
<p>SCS review</p>	

Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> <i>Other decision (refer to description above)</i>
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Finding Number: OBS 2014.17	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): N/A
FSC Indicator:	8.2.d.4.
Issue: Indicator 8.2.d.4 requires that stakeholder responses to management activities are monitored and recorded as necessary. Due to recent staff changes, the process by which HRC records stakeholder comments and maintains records of stakeholder responses to management activities is under flux.	
Observation: Conformity to Indicator 8.2.d.4. would be enhanced if a standardized procedure for recording stakeholder input is settled upon and consistently employed.	
FME response (including any evidence submitted)	
SCS review	
Status of OBS:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to CAR <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: CAR 2014.18	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
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:	9.2.a.

Non-Conformity:	
During the course of the audit, particularly the portion focused on the Long Ridge THP in the Mattole River watershed, the audit team perceived that many HRC personnel are still struggling to acquire a working conversancy with the concept of high conservation value forests. This uncertainty and inconsistent levels of understanding/conversancy amongst the workforce has complicated communications with interested stakeholders and has hindered conformity to the requirement of Indicator 9.2.a that the forest owner or manager holds consultations with stakeholders and experts to confirm that proposed HCVF locations and their attributes have been accurately identified, and that appropriate options for the maintenance of their HCV attributes have been adopted.	
Corrective Action Request: To ensure that stakeholder consultation is effective in confirming that proposed HCVF locations have been accurately identified, HRC must undertake actions that improve staff and, by extension, stakeholder understanding of the HCVF concept, key attributes that are the foci of the HCVF concept, and the process by which areas possessing high conservation values are designated.	
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)

5. Certification Decision

Certification Recommendation	
FME be awarded FSC certification as a “Well-Managed Forest” subject to the minor corrective action requests stated in Section 4.2.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Forest Conservation Program evaluation protocols. If certification is recommended, the FME has satisfactorily demonstrated the following without exception:	
FME has addressed any Major CAR(s) assigned during the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
FME has demonstrated that their system of management is capable of ensuring that all of the requirements of the applicable standards (see Section 1.6 of this report) are met over the forest area covered by the scope of the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
FME has demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments:	