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

Mendocino Redwood Company

SCS-FM/COC-00026N

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CERTIFIED	EXPIRATION
30/Nov/2010	30/Nov/2015

DATE OF FIELD AUDIT
22-23/May/2012
DATE OF LAST UPDATE
24/Aug/2012

Organization of the Report

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

FOREWORD

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

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

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

- A focused assessment of the status of any outstanding conditions or Corrective Action Requests (CARs; see discussion in section 4.0 for a summary those CARs and their disposition as a result of this annual audit);
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior to the audit; and
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Annual Audit Team

Auditor Name:	Kyle Meister	Auditor role:	Lead auditor (SCS)
<p>Qualifications: Kyle Meister is a Certification Forester with Scientific Certification Systems. He has been with SCS since 2008 and has conducted FSC pre-assessments, evaluations, and surveillance audits in Brazil, Panama, Mexico, Costa Rica, Bolivia, Indonesia, India, Japan, New Zealand, and all major forest producing regions of the United States. Mr. Meister has successfully completed CAR Lead Verifier, ISO 9001:2008 Lead Auditor, and SA8000 Social Systems Introduction and Basic Auditor Training Courses. He holds a B.S. in Natural Resource Ecology and Management and a B.A. in Spanish from the University of Michigan; and a Master of Forestry from the Yale School of Forestry and Environmental Studies. Mr. Meister has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, Colombia, and Brazil. He is responsible for reviewing all of SCS' forest management reports from Latin America. He is a member of the Forest Guild, Society of American Foresters, and Cascadia Green Building Council.</p>			
Auditor Name:	Karen Brenner	Auditor role:	Lead auditor (RA)
<p>Qualifications: Over the past 12 years, Karen Brenner (B.S. Forestry) has conducted numerous CoC audits and assessments as well as 24 forest management audits and assessments for SmartWood. Karen attended CoC and FM lead assessor training conducted by SmartWood and also successfully completed ISO-9001 Lead Auditor Training in Dec 2010. In addition to consulting with SmartWood, Karen has over a decade of experience as a field forester implementing and managing timber sales, developing silvicultural prescriptions, suppressing forest fires, and managing pre-commercial timber and reforestation programs for the US Forest Service and Nez Perce Tribe.</p>			

1.2 Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	2
B. Number of auditors participating in on-site evaluation:	2
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	3
D. Total number of person days used in evaluation:	7

1.3 Standards Employed

1.3.1. – Applicable FSC-Accredited Standards

Title	Version	Date of Finalization
FSC-US Forest Management Standard	V1-0	July 8, 2010
<p>All standards employed are available on the websites of FSC International (www.fsc.org), the FSC-US (www.fscus.org) or the SCS Forest Conservation Program homepage (www.scs-certified.com/forestry).</p>		

Standards are also available, upon request, from Scientific Certification Systems (www.scscertified.com).

1.3.2. – SCS Interim FSC Standards

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

2.0 ANNUAL AUDIT DATES AND ACTIVITIES

2.1 Annual Audit Itinerary and Activities

Date: 22 – May – 2012	
FMU/Location/ sites visited	Activities/ notes
Opening meeting	Review of open CARs/OBSs, management activities, and documentation.
Mallo Pass	Interviews with herbicide application workers
North Brushy THP	Inspection of THP site conditions and prescription
Lower Alder Creek Marbled Murrelet Area (LACMMA)	Discussion of LACMMA monitoring methodology; protection strategy.
Date: 23 – May – 2012	
FMU/Location/ sites visited	Activities/ notes
Hales Grove THP	Inspection of feller-buncher, CAT, and cable logged sites; and discussion of transition to uneven-aged management, retention, protection of amphibian habitat (road and habitat survey), and classification of streams based on size of drainage.
Hollow Tree crossing upgrades; Little Waldren Creek	Discussion of partnerships in restoration and inspection of restoration sites.
Alternative hardwood treatment test plot	Inspection and discussion of bark-stripping and inoculation methods.
2008 Burn: Salvage unit (2009-10)	Adaptive management discussion.
Closing meeting	Issuance of preliminary findings

3.0 CHANGES IN MANAGEMENT PRACTICES

Alternative hardwood control measures are still in the test phase and thus have not been implemented broadly in the FMU. There is a small refinement in the number of acres reported as HCV 1 and HCV 3 (see section 7.0 for updated acreage). This is from a refinement in the reporting of the acres based on updated GIS data rather than an actual change in the specific sites designated as HCV.

4.0 RESULTS OF THE EVALUATION

4.1 Existing Corrective Action Requests and Observations

To be completed by SCS Representative	CAR/OBS Number (e.g. 1, 2, ...)	2011.1		
	Select one:	<input type="checkbox"/> Major CAR	<input checked="" type="checkbox"/> Minor CAR	<input type="checkbox"/> Observation
	FMU CAR/OBS issued to (when more than one FMU)			
	Deadline for Corrective Action by FME			
	<input type="checkbox"/>	3 months from above Date of Issuance		
	<input checked="" type="checkbox"/>	Next audit (surveillance or re-evaluation)		
	<input type="checkbox"/>	Pre-condition to certification		
	<input type="checkbox"/>	Other deadline (specify):		
Standard and Requirement Reference	FSC US Standard Indicator 4.5.b, 8.2.d.4, and FSC-STD-20-001 V3-0, 22			
Non-Conformity (or Background/ Justification in the case of Observations) (Describe and provide objective evidence)				
MRC's means for interested stakeholders to voice grievances and have them resolved does not fully conform to ISO/IEC 65 (FSC-STD-20-001 V3-0, 22) guidelines. MRC maintains records of complaints and legal suites and claims. This is similar to a requirement for MRC Family's FSC Chain of Custody certificates, although more specific to loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples.				
Requested Corrective Action (or Observation)				
MRC shall create a means for interested stakeholders to voice grievances and have them resolved that conforms to ISO/IEC 65 guidelines. This procedure in its grievances processes must contemplate the following ISO/IEC 65 dispute mechanism requirement:				
a) keep a record of all complaints made known to them relating to a product's compliance with FSC requirements (indicator 8.2.d.4);				
b) make these records available to SCS upon request;				
c) take appropriate action with respect to such complaints and any deficiencies found in products or services				

	that affect compliance with the requirements for certification; and d) document the actions taken.	
To be completed by FME	Implemented Corrective Action (<i>Response to Observations is optional</i>) Describe action taken by the FME to address the root cause of the non-conformity	
	Evidence of conformance submitted with this form (<i>please list</i>)	
	FME Representative Name and Title	Date
To be Completed by SCS Representative	SCS Review / Acceptance of Corrective Action (<i>Describe conclusion in detail</i>) In discussion with the certifiers, this CAR has been rescinded. The main standard referenced in the CAR, FSC-STD-20-001, technically is only applicable to certifiers despite the intent of part 22 being applicable to FMEs. However, the scope of FSC-STD-20-001 is for certifiers who are accredited or are seeking accreditation rather than for FMEs. The certifiers have not received further feedback from FSC on this issue.	
	X CLOSED UPGRADED TO MAJOR OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister	Date of Acceptance of Corrective Action 05/22/2012

To be completed by SCS Representative	CAR/OBS Number (e.g. 1, 2, ...)	2011.1
	Select one:	<input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation
	Site CAR/OBS issued to (where more than one site)	
	Deadline for Corrective Action by FME	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):
	Standard and Requirement Reference	FSC US indicator 4.4.a
	Non-Conformity (or Background/ Justification in the case of Observations) <i>(Describe and provide objective evidence)</i>	
The FME does a good job understanding the likely social impacts of their management activities and incorporating this understanding into their management planning and operations. However, the issue of herbicide use is still of concern to certain communities near their landbase.		
Requested Corrective Action (or Observation)		
The FME to should revisit their approach to communicating and dealing with members of certain communities in terms of the issue surrounding the use, and the impacts to populations and the landbase of herbicide use.		
To be completed by FME	Implemented Corrective Action (Response to Observations is optional) Describe action taken by the FME to address the root cause of the non-conformity	
	MRC will have discussion with some tribes in July over cultural sites, which certainly ties into the issue of tanoak management. As a result of consultations with stakeholders this year, MRC discussed some alternative treatments, such as spore injections and bark stripping. MRC also has trials for both types of alternative treatments.	
	Evidence of conformance submitted with this form (please list) Sign_in_trib_DarkGulch.pdf	
	FME Representative Name and Title Sarah Billig	Date 05/22/2012
To be	SCS Review / Acceptance of Corrective Action <i>(Describe conclusion in detail)</i>	

<p>FME demonstrated sites where alternative treatments (bark-stripping and native fungal spore injection) are being tested. FME started these projects as a result of literature review and stakeholder consultation.</p>	
<p><input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION (refer to description above)</p>	
<p>SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister</p>	<p>Date of Acceptance of Corrective Action 05/22/2012</p>
<p>Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS</p>	

<p>To be completed by SCS Representative</p>	<p>CAR/OBS Number (e.g. 1, 2, ...)</p>	<p>2011.2</p>		
	<p>Select one:</p>	<p><input type="checkbox"/> Major CAR</p>	<p><input type="checkbox"/> Minor CAR</p>	<p><input checked="" type="checkbox"/> Observation</p>
	<p>Site CAR/OBS issued to (where more than one site)</p>			
	<p>Deadline for Corrective Action by FME</p>			
	<p><input type="checkbox"/> 3 months from above Date of Issuance</p>			
	<p><input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation)</p>			
	<p><input type="checkbox"/> Pre-condition to certification</p>			
<p><input type="checkbox"/> Other deadline (specify):</p>				
<p>Standard and Requirement Reference</p>		<p>FSC US indicator 5.2.b.</p>		
<p>Non-Conformity (or Background/ Justification in the case of Observations) (Describe and provide objective evidence)</p>				
<p>The FME continually seeks to optimize timber resources that could be harvested from the landbase. In the past, they have engaged, through a lease, with a local citizen who has harvested firewood from the forest. Stakeholder outreach has indicated that this is not being done, and that they desire that tanoak be harvested for firewood. In a discussion with this individual it was determined that through 2008 he used to cut firewood on MRC, but since he has a small crew he now buys wood from MRC contracted loggers. This benefits him and the loggers, by extending the latter's season. He only has two workers and his wife, so cutting wood is not possible and, because of the high cost of cutting wood, it is not economically feasible. However, MRC has never excluded him from cutting on the forest. Once in a while he still marks wood behind their forest workers, following the THP. Wood that is less than 13" diameter at ground level is not of use to him. Currently, he does have an agreement with MRC and uses their yard to store wood.</p>				
<p>Requested Corrective Action (or Observation)</p>				

	The FME should look to expand their firewood program to remove tanoak and reconsider any other uses of the species.	
To be completed by FME	Implemented Corrective Action (<i>Response to Observations is optional</i>) Describe action taken by the FME to address the root cause of the non-conformity	
	MRC has increased public access for firewood removal to people who are familiar with the FMU, but there are minimal drop-off points along the road and a low volume considering the amount of wood. MRC is also looking at alternative treatment of tanoak (spore injection and bark stripping). MRC is still shipping a lot of tanoak to firewood contractors. Loggers are also free to take the tanoak, although stumps must still be treated to attain sufficient control of tanoak sprouts. MRC used some alternative treatments in Dark Gulch and also allowed harvest of the species. MRC discussed some places where they could drop off some tanoak logs with the Dark Gulch group. MRC will not chemically treat tanoaks for the current entry into Dark Gulch.	
	Have not developed any other alternative uses for tanoak.	
	Evidence of conformance submitted with this form (<i>please list</i>)	
	FME Representative Name and Title Sarah Billig	Date 05/22/2012
To be Completed by SCS Representative	SCS Review / Acceptance of Corrective Action (<i>Describe conclusion in detail</i>) FME has explored further economic options for tanoak in response to last year's stakeholder consultation, including firewood as the stakeholders suggested. Demand for tanoak has not increased significantly to justify the multiple entries necessary to control hardwood competition to the point that conifers can become reestablished on traditionally mixed species and conifer dominated stands.	
	<input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister	Date of Acceptance of Corrective Action 05/22/2012
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

To be	CAR/OBS Number (e.g. 1, 2, ...)	2011.3
	Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	

	Site CAR/OBS issued to (where more than one site)		
	Deadline for Corrective Action by FME		
	<input type="checkbox"/>	3 months from above Date of Issuance	
	<input checked="" type="checkbox"/>	Next audit (surveillance or re-evaluation)	
	<input type="checkbox"/>	Pre-condition to certification	
	<input type="checkbox"/>	Other deadline (specify):	
	Standard and Requirement Reference	FSC US indicator 7.4.a.	
	Non-Conformity (or Background/ Justification in the case of Observations) <i>(Describe and provide objective evidence)</i> MRC and its sister company, HRC, use the website to provide public version of FMPs, monitoring results, and other items. MRC’s public summary of its FMP is dated 2010, while its new FMP is dated 2011. Last year, MRC’s only non-conformance in regards to FMP content was its stakeholder consultation process. Indicator 7.4.a requires the following: “While respecting landowner confidentiality, the management plan or a management plan summary that outlines the elements of the plan described in Criterion 7.1 is available to the public either at no charge or a nominal fee.”		
	Requested Corrective Action (or Observation) MRC should consider adding a section on its stakeholder consultation policies and processes to its website.		
To be completed by FME	Implemented Corrective Action (Response to Observations is optional) Describe action taken by the FME to address the root cause of the non-conformity MRC will be uploading a new version of public FMP on website in 2012, which contains a description of the stakeholder consultation process.		
	Evidence of conformance submitted with this form (please list) Updated FMP		
	FME Representative Name and Title		Date
To be Completed by SCS	SCS Review / Acceptance of Corrective Action <i>(Describe conclusion in detail)</i> The updated FMP contains a description of the stakeholder consultation process and will be available on the FME website later this year.		
	<input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION (refer to description above)		

SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister	Date of Acceptance of Corrective Action 05/22/2012
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS	

To be completed by SCS Representative	CAR/OBS Number (e.g. 1, 2, ...)	2011.4		
	Select one:	<input type="checkbox"/> Major CAR	<input type="checkbox"/> Minor CAR	<input checked="" type="checkbox"/> Observation
	Site CAR/OBS issued to (where more than one site)			
	Deadline for Corrective Action by FME	<input type="checkbox"/> 3 months from above Date of Issuance <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> Other deadline (specify):		
	Standard and Requirement Reference	FSC US indicator 9.1.a		
	Non-Conformity (or Background/ Justification in the case of Observations) <i>(Describe and provide objective evidence)</i>	<p>MRC has determined a number of RSAs and HCV areas, and has differentiated between HCV areas and RSAs where warranted in the management plan and associated maps. Both RSAs and HCVs have protections and management strategies based on the ecological characteristics of them. For example, oak woodlands may require removal of conifer encroachment or actions that mimic the effects of natural ground fires. Certain areas, such as those for the Point Arena Mountain Beaver and Marbled Murrelet, may require more explanation as to the RSA over the HCV designation as the FSC US HCV framework is clear that RTE species are HCV. It is clear however, that MRC has included maintenance and/or enhancement options for these species and thus meets the intent of the indicator.</p> <p>MRC initiated consultation with some local tribal representatives on identifying HCVs. In the meantime, MRC is waiting for tribes to respond to its first consultation.</p>		
To be	Requested Corrective Action (or Observation)	<p>MRC should ensure that RTE species and associated attributes are classified as HCVs in management planning documentation and maps.</p> <p>At the next annual audit, MRC should report on its continued consultations with tribes on the HCV process.</p>		
	Implemented Corrective Action (Response to Observations is optional)			
	Describe action taken by the FME to address the root cause of the non-conformity			

	MRC has some updates on its HCV classification. MRC will be having a meeting with tribes in July of 2012 to discuss protection of important sites. MRC also met with Pinoleville tribe recently to discuss management of a special site. In response to the OBS, MRC updated its HCV and RSA management plan to ensure that all RTE species and their core habitats are classified as HCV rather than (or in addition to) RSA.	
	Evidence of conformance submitted with this form <i>(please list)</i> MRC_High_Conservation_Value_forest.pdf Updated_HCV_RSA_from_2011_MGMT_PLAN.pdf	
	FME Representative Name and Title Sarah Billig	Date 05/22/2012
To be Completed by SCS	SCS Review / Acceptance of Corrective Action <i>(Describe conclusion in detail)</i> FME has ensured that RTE species and their core habitats (e.g., Point Arenas Mountain Beaver and Marbled Murrelet) are classified as HCV. Recruitment areas for RTE species are classified as RSA as these may move through the landscape over time. <input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED TO MAJOR <input type="checkbox"/> OTHER DECISION (refer to description above)	
	SCS Representative Name and Title (CAR/OBS reviewer) Kyle Meister	Date of Acceptance of Corrective Action 05/22/2012
Press Enter twice below table to leave a space, then copy and paste table below for each CAR/OBS		

4.2 New Corrective Action Requests and Observations

Finding Number: 1.6.a/2012	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC-US indicator 1.6.a	
Non-Conformity: FME demonstrates long-term commitment in multiple ways – 100% of the ownership is FSC certified, MRC recently began a forest carbon project under the Climate Action Reserve (which requires a 100 year project timeline), and there is a significant effort to create customer relationships that value FSC certified products. FME does not have a publicly available statement of commitment to manage the FMU in conformance with FSC standards and policies. FME’s current publically available statements reference FSC P&C.	
Corrective Action Request: FME shall ensure that it has a publicly available statement of commitment to	

manage the FMU in conformance with FSC standards and policies	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 4.2.b/2012	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC-US indicator 4.2.b.	
<p>Non-Conformity: Observations and interviews with both staff and contractors generally demonstrated conformance with applicable health and safety regulations and demonstrated that the FME hires qualified workers. Additionally, contracts were found to include safety requirements. However, interviews with workers applying herbicides indicated that there are times when the crew does not have anyone with First AID/CPR certification on site. Therefore, the FME and its employees and contractors do not demonstrate a completely safe work environment.</p> <p>Specifically, an FME employee with First AID/CPR training oversees the contractor's work crew to ensure compliance with contracts. However, interviews with workers applying herbicides indicated the FME employee frequently divides his time between two chemical applicator crews, meaning that one crew does not have a trained First AID/CPR practitioner present on site while working. Moreover, the FME employee does not work on weekends when the contractor's crew works make-up hours for missed work time due to weather conditions during the week. FME does not verify that a trained First AID/CPR practitioner is present during these alternate work hours. This presents an increased risk of failure to respond in emergencies, particularly when there are large work crews.</p>	
Corrective Action Request: FME must provide objective evidence that herbicide contractors demonstrate a safe work environment.	
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>
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Finding Number: 6.6.d/2012

Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation
--

FMU CAR/OBS issued to (when more than one FMU):
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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):
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FSC Indicator: FSC-US indicator 6.6.d.

Non-Conformity: An FME employee with a chemical applicator's license oversees the contractor's work crew to ensure compliance with contracts. However, interviews with workers applying herbicides indicated the FME employee frequently divides his time between two chemical applicator crews, meaning that one crew does not have a licensed applicator present on site while applying chemicals. Moreover, the FME employee does not work on weekends when the contractor's crew works make-up hours for missed work time due to weather conditions during the week. FME does not verify that a licensed applicator is present during these alternate work hours. This presents an increased risk of failure to respond in emergencies or changing site conditions, particularly when there are large work crews. Therefore, chemicals are not applied only by workers who have received proper training in application methods and safety.

Corrective Action Request: FME shall ensure that chemicals are applied only by workers who have received proper training in application methods and safety.

FME response (including any evidence submitted)	
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SCS review	
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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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NCR#:	04/12	NC Classification:	Major	Minor X
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Standard & Requirement:	<p>FSC-US Forest Management Standard (v1.0) July 8, 2012 Indicator 8.3. <i>FM-35 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs)</i></p> <p>COC 1.3: FME procedures/work instructions shall provide effective control of FSC certified forest products (including NTFPs) from standing timber until ownership is transferred at the forest gate. <i>Note: For large scale operations (>10,000ha) and Group Entities, CoC procedures covering all relevant CoC criteria shall be documented.</i> Including:</p> <ul style="list-style-type: none"> a) Procedures for physical segregation and identification of FSC certified from non-FSC certified material. (If applicable) b) Procedures to ensure that non-FSC certified material is not represented as FSC certified on sales and shipping documentation. (If applicable) c) Procedures to include the FME's FSC certificate registration code and FSC claim (FSC 100%) on all sales and shipping documentation for sales of FSC certified products. d) Recordkeeping procedures to ensure that all applicable records related to the production and sales of FSC certified products (e.g. harvest summaries, sales summaries, invoices, bills of lading) are maintained for a minimum of 5 years. e) Procedures to ensure compliance with all applicable FSC/Rainforest Alliance trademark use requirements.
Report Section:	Appendix V Chain-of-Custody Conformance CoC 1.3
Description of Nonconformance and Related Evidence:	
<p>While the FME does include the FSC certificate registration code and the FSC claim on all sales shipping documents and the shipping and sales documents are clearly linked, the documented procedures do not describe this requirement as detailed in item c of indicator COC 1.3 above.</p>	
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>
Timeline for Conformance:	Prior to the next annual audit.
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

5.0 STAKEHOLDER COMMENTS

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

1. To solicit input from affected parties as to the strengths and weaknesses of the FME’s management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.
2. To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

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

5.1 Stakeholder Groups Consulted

Regulatory agencies	Adjacent landowners
Environmental NGOs	Tribal representatives

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used. The table below summarizes the major comments received from stakeholders and the assessment team’s response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

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

There were no official complaints or disputes (as per the FSC definition) received. However, the residents and MRC neighbors in Mendocino County are very active in forestry issues both collectively as members of various environmental associations as well as individuals such as owners of land neighboring MRC lands. During stakeholder consultation four primary concerns were highlighted:

1. The use of herbicides to control tanoak.
2. MRC’s perceived ability to exert undue influence on both the local forest economy and forest policy within the state government due to the size of MRC and the reduction of competition in the county.
3. An increase in the timber harvest this year compared to past years may result in harvesting beyond sustainable levels and MRC may be trying to sell parcels of the landbase.

4. MRC may be exporting and still buying logs from the Jackson State Forest. (California state law prohibits the purchase of logs from Jackson State Forest if a company is exporting logs.)
5. Watercourse protections
6. The potential impact of forest management in the Greenwood Creek Watershed on the water supply for the town of Elk, CA

1. Herbicide Use and Conservation/Retention of Tanoak

The audit team reviewed MRC conformance to FSC Criterion 6.6 which addresses the use of chemicals. Due to past land management, the MRC forest includes numerous acres that historically were dominated by conifers (redwood and Douglas-fir) that currently have a larger stocking of tanoak and other hardwoods. MRC is committed to restoring the historical levels of conifers across the landscape and MRC is using herbicides according to the label and safety requirements to reduce the tanoak competition on conifer regeneration.

The audit team found that the chemical applications by MRC conform to the requirements of the FSC standard and that MRC does not use any chemicals that are on the FSC list of banned chemicals. Additionally, MRC retains a portion of the tanoak (at least 15 pre-harvest basal area) within each area that is treated with herbicides and thus, tanoak was observed to be maintained within both individual units as well as across the larger landscape. The audit team visited a site of active herbicide application and found the crews to be supervised by a licensed applicator and to have the required safety equipment. Interviews with individual crew members demonstrated that they possessed knowledge of both personnel safety requirements as well as environmental precautions (i.e. stop spaying during windy conditions). However, interviews indicated that there are times when the licensed applicator, an MRC employee, is not always on site during active operations. Additionally, individual crew members expressed an interest in receiving additional training about the effects of the chemicals on both the plants and the people working with the chemicals. (See CAR for 6.6.d)

In response to stakeholder concerns about herbicide use, MRC is researching alternative management options to controlling the tanoak. Currently, consideration is being given to hand stripping the bark of tanoaks as well as the use of native fungi to kill tanoak stumps. Additionally, several years ago, MRC invested several million dollars in an oak flooring operation in an attempt to find a commercial product for tanoak. Unfortunately, the tanoak flooring enterprise was not financially viable.

One regulator expressed concern over MRC's hardwood retention due to the rate of hardwood control and the lack of knowledge of hardwood densities in stands prior to European settlement. The concern is with wildlife habitat quality rather than with herbicides and watershed quality. The audit team found that MRC exceeds its retention levels on the vast majority of harvest sites and has designated several hardwood-dominated stands as Representative Sample Areas based on species composition and soil type. MRC staff are aware of the concerns over hardwood retention, but emphasize that the control measures are intended to help reestablish conifers without complete removal of hardwoods. Furthermore, this regulator continues to work with MRC on the questions of hardwood retention levels

and wildlife habitat quality. No non-conformance was identified in relation to conservation or retention of tanoak and other hardwood species.

2. Influence on the economy and use of State funding

Several stakeholders consulted expressed concern and frustration with MRC attempting to influence the distribution of resources from the State Wildlife Conservation Fund. MRC voiced concern at the state level regarding the awarding of the state funds to The Redwood Forest Foundation to purchase forest land. Stakeholders viewed this effort as an attempt by MRC to limit the amount of competition within the forest economy of Mendocino County as well as to limit competition for the state funds. While MRC did contact State officials to express concern, the end result was that the state funds were awarded to the Redwood Forest Foundation. There was no evidence that the actions of MRC resulted in a nonconformance with the FSC Standard.

Several stakeholders also expressed concern about the potential for MRC to exert a monopoly control on the local economy since MRC is the largest forest land owner in the county. However, these same stakeholders acknowledged that it is not the fault of MRC that several mills have closed due to the challenges created by the current economic recession. Additionally, stakeholders expressed concern that MRC may be paying lower rates to contractors compared to other forest land owners. Interviews with numerous contractors and forest workers indicated that while there is variation in the rates paid to contractors, the MRC rates are competitive and are typically set via competitive bids. The current economic challenges felt by the local contractors is similar to the impacts observed throughout the forest industry in the West and are not specific to the contractors operating on MRC lands. Interviews indicate that MRC recognizes the impact of the economy during the past 2 years on the viability of local contractors. MRC is aware of the need to maintain a viable contractor work force in order to meet the company harvest goals. Interviews with both contractors and MRC employees demonstrated instances of MRC working with contractors to help them work through financial challenges.

No non-conformances to the FSC Standard were identified relative to MRC's influence on the local economy or state politics.

3. Accelerated Harvest Levels and Land Sales

During the past 10 years, MRC has harvested substantially less volume than the forest is growing and substantially less than the annual allowable harvest volume as documented in the state required, and publically available, Option A. The higher harvest volume projected during 2012 was found to be within the harvest levels which can be permanently sustained as required by the FSC Standard Criteria 5.6.

This spring MRC offered a few small parcels for auction. These parcels are isolated tracts that are not contiguous with the larger portions of the ownership and constitute less than 1% of the ownership. Review of these potential sales indicated that the sale of these parcels are in conformance with the FSC Standard and Policies as they are not expected to impact HCVF and the intent is to improve the economic viability of the company and facilitate potential land purchases that are strategic to the landbase.

4. Conflict with Exporting Logs and Purchasing exporting logs on State Forest.

Interviews indicated that MRC staff is very much aware of the legal requirements for purchasing logs from the Jackson State Forest and there was no evidence of a conflict between the marketing strategies of MRC and the state laws. State law does not permit the exportation of raw saw logs for companies that harvest on state lands. Rather, these must be sold as a finished product, such as lumber. MRC does not export raw saw logs as required. No non-conformance is warranted.

5. Watercourse protections

A concern was expressed over a weakening of water course protections due to the increase in harvesting and use of group selection and variable retention harvest practices. The audit team found that MRC has no violations of CFPR or the FSC-US Pacific Coast Regional indicators for watercourse protections (Criterion 6.5). MRC will soon have its draft Habitat Conservation Plan (HCP) open for public comment. Stakeholders will be free to communicate concerns over water course protection during the designated comment period. The HCP will have provisions for watercourse classification and management (e.g., riparian buffer widths, permitted silvicultural systems, retention, etc). The HCP will propose a flow-based classification that incorporates information on annual rainfall, geomorphology, and other factors. Currently, watercourse buffers are based on the size of watersheds. However, if a Class II stream has California red-legged frog, it is classified as a large Class II even if it technically qualifies as small. The fact that the FME is committing itself to an 80 year HCP opens up its watercourse protection provisions to public scrutiny for the long-term, which provides an incentive for it to avoid violations of the CFPR and HCP. No non-conformance is warranted.

6. Impact of Forest Management on the Water Supply for Elk, CA

Stakeholder and staff interviews indicated that the management in the Greenwood Creek watershed is similar to elsewhere on the FMU; however, due to logistical constraints, the audit team was unable to visit the Greenwood Creek Watershed to investigate stakeholder concerns over the impacts of forest management on the water supply. Thus, it was difficult to determine if there are issues with conformance to the FSC Standard in the watershed. It is noted that the audit team should consider visiting Greenwood Creek during the 2013 annual audit.

6.0 CERTIFICATION DECISION

<p>The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship standards. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME’s response to any open CARs.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Comments: See response to stakeholder under item 5. The audit team should visit Greenwood Creek during the 2013 assessment.</p>	

7.0 CHANGES IN CERTIFICATION SCOPE

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

Conservation Areas

Conservation Areas				
Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives				ha or ac
High Conservation Value Forest/ Areas				
High Conservation Values present and respective areas (acres)				
	Code	HCV Type ¹	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).	Type I and II old growth (throughout property), LACMA (South Coast), Coho core areas; NSO core areas; Point Arena Mountain Beaver areas. There is a small refinement in the number of acres reported as HCV 1 (from 13,288 to 13, 917) and HCV 3 (from 1,964 to 1,335). This is from a refinement in the reporting of the acres rather than an actual change in the specific sites designated as HCV	13,917
<input type="checkbox"/>	HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.		
<input checked="" type="checkbox"/>	HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.	pygmy forest and salt marsh (Albion), oak woodland (Rockport and Ukiah).	1,335
<input type="checkbox"/>	HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		

¹ High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at www.ProForest.net or at www.wwf.org

<input type="checkbox"/>	HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		
<input checked="" 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).	Significant native American cultural sites	NA at this time
Total Area of forest classified as 'High Conservation Value Forest/ Area'				15,252 ac

8.0 ANNUAL DATA UPDATE

8.1 Social Information

Social Information		
Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender): 263 workers		
248 of male workers	15 of female workers	
Number of accidents in forest work since last audit	Serious	Fatal
	# 1	# 0

8.2 Annual Summary of Pesticide And Other Chemical Use

Chemical Use Summary

Area	Chemical	Acres	Pounds	Pounds/ac.
Albion	Imazapyr 4#	346	216.16	0.62
Big River	Imazapyr 4#	97	55.8	0.58
Big River	Imazapyr 2#	65	22	0.34
Big River	Glyphosate 4#	84	67	0.80
Navarro East	Imazapyr 4#	436	274.00	0.63
Navarro East	Imazapyr 2#	137	54	0.39
Navarro East	Glyphosate 4#	137	47.00	0.34
Navarro East	Triclopyr 3#	75	99.36	1.32
Navarro West	Triclopyr 4#	335	680.6	2.03
Navarro West	Triclopyr 3#	9.5	12	1.26
Noyo	Imazapyr 4#	654	482.92	0.74
Rockport	Imazapyr 4#	112	69.96	0.62
Rockport	Triclopyr 3#	174	304.71	1.75
South Coast	Imazapyr 4#	1080	506.36	0.47

South Coast	Imazapyr 2#	85	30.78	0.36
South Coast	Glyphosate 4#	85	79.16	0.93
Totals		3911.5	3001.81	0.77