

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

Humboldt Redwood Company, LLC
Mendocino Redwood Company, LLC
Northern California, USA

SCS-FM/COC-00120N

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| CERTIFIED | EXPIRATION |
|-------------|-------------|
| 01/Dec/2014 | 30/Nov/2019 |

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|-----------------------|
| DATE OF FIELD AUDIT |
| September 10-14, 2018 |
| DATE OF LAST UPDATE |
| January 13, 2019 |

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Foreword

| Cycle in annual surveillance audits | | | |
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| <input type="checkbox"/> 1 st annual audit | <input type="checkbox"/> 2 nd annual audit | <input type="checkbox"/> 3 rd annual audit | <input checked="" type="checkbox"/> 4 th annual audit |
| Name of Forest Management Enterprise (FME) and abbreviation used in this report: | | | |
| Humboldt Redwood Company, LLC (HRC) Mendocino Redwood Company, LLC (MRC) | | | |
| <p>Note: As part of this assessment, the two separate certificates previously issued (one to HRC and one to MRC) were combined into a single Multi-FMU certificate. The certificate number previously issued to HRC was carried forward as the certificate number for the multi-FMU certificate covering both HRC and MRC. The September 2018 audit was the first combined audit of both companies. The HRC certification cycle is carried forward for the combined certificate. That is, 2018 is the final annual surveillance audit. In 2019, there will be a 5-year, full scope re-certification audit of SCS-FM/COC-00120N.</p> | | | |

All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing conformance with the requirements and standards of certification. A public summary of the initial evaluation is available on the FSC Certificate Database <http://info.fsc.org/>.

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 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 this 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.

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 90 days after completion of the on-site audit. Section B contains more detailed results and information for the use by the FME.

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Annual Surveillance Audit Team

| | | | |
|------------------------|---|----------------------|------------------|
| Auditor Name: | Robert J. Hrubes, Ph.D. | Auditor Role: | Lead Auditor |
| Qualifications: | <p>Dr. Hrubes is a California registered professional forester (#2228) and forest economist with over 40 years of professional experience in both private and public forest management issues. He is Executive Vice-President, Emeritus, of SCS Global Services. Dr. Hrubes has extensive prior experience and involvement in the SCS Forest Conservation Program, duly accredited by the Forest Stewardship Council. Dr. Hrubes has previously led numerous audits under the SCS Forest Conservation Program of North American publicly owned forests, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Latvia, Chile, Brazil, Bolivia, Japan, Indonesia, Malaysia, Papua New Guinea, 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.</p> | | |
| Auditor Name: | Joe R. McBride, Ph.D. | Auditor role: | Technical Expert |
| Qualifications: | <p>Joe R. McBride is Professor Emeritus 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 past research in forest ecology includes a focus on the invasion of Douglas-fir in grasslands along the central coast of California. His research in the area of urban forestry involved 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. As well, he has served as a consultant on other projects such as redwood removals associated with planned re-alignment of U.S. 101 in Humboldt County.</p> | | |
| Auditor Name: | Gary Dodge, Ph.D. | Auditor role: | Technical Expert |
| Qualifications: | <p>Gary Dodge is a consulting biologist and expert in forest management certification. Gary has approximately 30 years of professional experience as a biologist and 15 years working with FSC and forest management certification. From 2008-2015 he was employed as the Director of Science and Certification for FSC US. Gary has an M.S. degree in Conservation Biology and a Ph.D. in biology from the University of Maryland.</p> | | |
| Auditor Name: | Stefan Bergmann | Auditor role: | Team Auditor |
| Qualifications: | <p>Mr. Bergmann has been in the forestry and wood products field for 15 years, working across the US in forest policy, landowner extension, executive leadership, and forest certification. Prior to joining SCS in July 2017, he worked for Rainforest Alliance, overseeing the Forest Stewardship Council™ (FSC®) Forest Management auditing program in the US. He has successfully completed FSC Forest Management Lead</p> | | |

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| | Auditor training, ISO 9001 Lead Auditor training, and is qualified to be a team SFI Auditor. He has participated as an auditor on several forest management audits around the US. He holds a BS in Wildlife Science and an MS in Forest Resources, both from Oregon State University, Corvallis, Oregon, USA, and is presently pursuing an MBA at the University of California Davis. |
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1.2 Total Time Spent on Evaluation

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| A. Number of days spent on-site assessing the certificate holder: | 4 |
| B. Number of auditors participating in on-site evaluation: | 4 |
| C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up including report preparation: | 10 |
| D. Total number of person days expended in the evaluation: | 26 |

1.3 Standards Employed

1.3.1. Applicable FSC-Accredited Standards

| Title | Version | Date of Finalization |
|--|---------|----------------------|
| FSC-US Forest Management Standard | 1.0 | July 8, 2010 |
| FSC-STD-50-001 | 2.0 | November 2017 |
| 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). | | |

2 Annual Audit Dates and Activities

2.1 Annual Audit Itinerary and Activities

Note: This FSC FM certificate is comprised of two FMUs—Humboldt Redwood Company and Mendocino Redwood Company. As this was the first annual since consolidation of these two FMUs into a single multi-FMU certificate, both FMUs were visited. As such, there were two opening and closing meetings

| September 10, 2018 | |
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| FMU/Location/Sites visited | Activities/Notes |
| Travel day | While transiting from the Bay Area to Scotia, CA, the audit team conducted additional telephonic stakeholder interviews as well as perusal of pertinent documents such as stakeholder submittals and management documents provided by the certificate holder. |
| September 11, 2018 | |
| FMU/Location/Sites visited | Activities/Notes |
| 8:00 AM Opening Meeting—HRC offices in Scotia | Openings comments from the Lead Auditor—review of scope, applicable normative standards, etc. Client overview of activities on the FMU since the 2017 audit Finalization of the field itinerary for September 11 and the first half of September 12. |
| Combined site visit | Accompanied by HRC personnel, all 4 audit team members travelled |

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| | to the Westside THP (1-15-121HUM) in the Van Duzen River drainage. This is an active THP entailing both a yarder and ground-based harvesting equipment. No tanoak issues on this site. Discussed bear control measures. All timber marking was conducted by staff foresters. |
| Split field itinerary—site visit to Elk River | S. Bergmann conducted a field visit to HRC’s Elk River property, accompanied by HRC personnel (Mike Miles) |
| Site: Floodplain restoration | Placement and anchoring of several LWD piles in North Fork Elk River. The LWD pile at this site is adjacent to the Elk River Boy Scouts Camp. Purpose of project is to facilitate development of a healthy floodplain system, pool development, and fish habitat. The project was funded and implemented jointly by HRC and California Trout, a non-profit organization. |
| Site: Moss Elk THP, group selection unit | Planned 60-acre group selection unit near Boy Scouts camp. Will leave high-value wildlife trees and one legacy tree per acre in each of three size classes, representative on the site per the HCP. Remnant timbers from a historic railroad trestle were observed; they will be protected during harvest operations. |
| Site: Moss Elk THP, road decommissioning | As part of the THP, HRC will be decommissioning a road section to move it from the floodplain and replace it with a new road uphill of the riparian area. As part of decommissioning, HRC will remove the asphalt, rip it with a tractor, apply grass seed, and plant trees. Project will include removal of a culverted crossing. In the last year, 7 miles of roads were decommissioned in the northern district. |
| Site: Bridge Creek, water monitoring station | HRC has installed a series of “trends monitoring” stations, including this one at Bridge Creek. The stations are placed at various places along the Elk River and its tributaries. Water level, temperature, turbidity, and suspended sediment are collected at the station. The data is used as part of HRC’s program for monitoring the ecological health of the Elk River watershed (water quality, flow, substrate movement, LWD volume, pool and instream habitat development, fish populations, etc.). |
| Site: Bridge Too Far THP, #16-056 | Group selection unit closed last year. 40-year old stand of redwood, white fir, and Sitka spruce. WLPZ buffers on Class 2 and 3 streams on unit met state and FSC standards for widths. Culverts used during logging operation were pulled as part of closeout; the crossings have been naturally revegetated with grasses and forbs. Skid trails were observed as being well protected with tops and little exposed soil. Invasive jubata grass (<i>Cortaderia jubata</i>) was observed, as was some bear damage to residual redwoods. |
| Site: Historic railroad trestle, Bridge Creek | A large historical railroad trestle was observed, which is designated as an archeological site. No harvesting is conducted in the vicinity. Large redwood trees have grown up among the structural posts, beams and cross bracing, reflecting the trestle’s age; the long-term impact of the trees on the integrity of the structure is unknown. |
| Site: Bridge & Instream Flood | Large bridge constructed in 1997 of a recycled rail car and wood |

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| Damage | decking that crosses Bridge Creek (Class 1 stream). Bridge sits on boulder abutments. Structure is in good condition with no sign of erosion. During winter floods two years ago, downstream of the bridge a large volume of sediment became captured behind a log jam. The streamflow is subsurface at the sediment plug. HRC recently received approval from CAFWS to remove the sediment in order to benefit salmon spawning habitat and ensure upstream passage of fish. Downstream of the sediment plug and log jam, the channel is completely clear and flowing freely. |
| Site: Upside of 15 THP, #1-16-012 | 45-year old timber stand, mixed redwood and D-fir bordering Road 15. Currently in second year of logging THP. Primarily mechanical ground-based system. THP includes Class 2 and 3 streams. WLPZ buffer and retention basal area observed as conforming with the state and FSC standards. Silvicultural treatment is group selection, reducing basal area from approx. 225 sq-ft to 125 sq-ft. THP will be completed next year. One-half of the units in the THP have been logged and closed out. |
| Site: Upside of 15 THP, Last Supper Unit (#16-012) | Closed site. Had been yarded downhill, which is unusual for the area. No sign of excessive soil compaction, rutting, or erosion. Stand is mix of D-fir and redwood. |
| Site: Upside of 15 THP, North Fork Divide Unit | Active yarding site. All operators observed were wearing appropriate PPE and operating equipment in a safe fashion. Interviews with operators confirmed regular safety meetings, as well as frequent visits by the HRC forester. |
| Site: Upside of 15 THP, active road construction | New road construction as part of North Fork Divide THP. Road includes 3 culverts. Each 24-in diameter culvert is constructed of double-walled black corrugated plastic with smooth interior. Two of culvert installations are complete with rip-rap installed around each end and up and downhill of each cut bank and graveled at road service. Forester stated that each crossing will be seeded. |
| Site: Road 15 | Forest road used for hauling. Substrate is primarily packed soil and gravel. With the dry conditions, there is a large quantity of dust present on roadside vegetation. Magnesium chloride has been used along the road near Auger Creek for dust abatement, which has significantly reduced the presence of dust in those areas. |
| Site: N Road, near road point 72500 | In the winter of 2015-16, the road experienced the largest road failure in the northern district, which was observed during the audit. The debris flow is about 60-ft wide and 180-feet long and displaced approx. 250 cubic-yards of sediment. Senior geologist for the company filed a Notice of Discharge to the state in February 2017, reviewed by auditor. There is no plan to fix the road failure, and the road is still usable. |
| Split field itinerary—site visit to the Mattole watershed for complaint investigation | Audit team members Hrubes, McBride and Dodge spent the afternoon and early evening with 8 representatives of the Lost Coast League, in LCL’s capacity as lead complainant in a formal complaint (per FSC dispute resolution protocols) filed on 31 July 2018 against HRC for its past and planned timber harvesting activities in the |

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| | <p>Mattole watershed. The field itinerary was set by the complainants. HRC personnel also participated in the field trip, to provide transit for the complainants and auditors and to be available for any questions or other requested input.</p> |
| <p>Site 1: Long Ridge, Mattole Valley, site initially proposed for logging but removed from proposed logging in response to community concerns</p> | <p>Feature(s) of Interest:</p> <ul style="list-style-type: none"> •Upper end of a Douglas-fir forest stand in a bit of a canyon Stand composed of a few wolf trees of large diameter (4-6') and many smaller tree (<4') that are much younger as indicated by growth ring width observed in log decks along the road to the site. Estimate that the smaller trees are less than 100 years old. |
| <p>Site 2: Tanoak treatment site</p> | <p>Feature(s) of Interest:</p> <ul style="list-style-type: none"> •Stands of tanoak that were treated with herbicides to remove (or substantially reduce) the tanoak prior to planting Douglas-fir •Treatment had resulted in near complete kill of tanoak <p>HRC foresters conclude that this originally was a Douglas-fir/tanoak stand. The audit team differs in this judgment as we saw few Douglas-fir snags in the 10-12 acre site and no stumps. The snags were broken off about 20 feet above the ground and their bark had fallen off long ago. Several tanoak trees in the stand were coppice sprouts. Likely, tanoak bark had been harvested from this stand in the late 19th century and the bark removal had resulted in the coppice structure.</p> <ul style="list-style-type: none"> •On the walk down through the Douglas-fir stand to reach the tanoak stand, rings were counted on a 36" diameter Douglas-fir. It had 76 rings. |
| <p>Site 3: Old Landslide</p> | <p>Feature(s) of Interest:</p> <ul style="list-style-type: none"> •Old landslide that had carried soil into a stream below and possibly trees into the stream that occurred along the stream channel at the base of the hill. Lost Coast alliance members were concerned that an adjacent area proposed for logging would result in a similar slide. •HRC forester pointed out that a buffer would be left along the margin of the old slide. •The proposed buffer and the fact that the slope would be a single tree selection operation seemed adequate to me as a way to minimize landslide potential on this site. <p>HRC forester was asked if any erosion problems or landslides had occurred on timber harvest plans where the CalFire procedures for accessing erosion hazard had been used and he answered no incidents of erosion or slope failure.</p> |
| <p>September 12, 2018</p> | |
| <p>FMU/Location/Sites visited</p> | <p>Activities/Notes</p> |
| <p>Daily opening meeting at Scotia office</p> | <p>Finalization of the field itinerary for the first half of the day</p> |

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| <p>HRC field visit—split itineraries</p> | <p>Itinerary A (Hrubes and McBride):</p> <ul style="list-style-type: none"> • Yager Creek • Fuel reduction exemption operation—300 acres • Allen Creek MMCA <p>Itinerary B (Bergmann and Dodge):</p> <ul style="list-style-type: none"> • LVD 17 THP, yarder unit • Pre-commercial Thin (30-acre stand) • Root Creek West THP • Square Root THP |
| <p>Mid-audit closing meeting for the HRC FMU and transit to Mendocino County</p> | <ul style="list-style-type: none"> • Brief overview of sites visited and preliminary impressions • Discussion of next steps in the audit process • Audit team transits from Scotia to Ukiah |
| <p>September 13, 2018</p> | |
| <p>FMU/Location/Sites visited</p> | <p>Activities/Notes</p> |
| <p>Opening meeting at MRC offices in Ukiah, CA</p> | <p>Opening meeting:</p> <ul style="list-style-type: none"> • Overview presentation by MRC personnel • Discussion of responses to Findings raised by RA in 2017 audit • Development of field itinerary—split itineraries |
| <p>MRC field visits—split itineraries</p> | <p>Itinerary A (Hrubes and Dodge): Coast—visit to Coast District/Rockport Unit with HRC staff and contractors</p> <ul style="list-style-type: none"> • Rockport Lane THP—400 acres of transition & selection Rx’s • Tanoak treatment site—discussion of the three common herbicide treatments on a “tanoak challenged” stand: <ul style="list-style-type: none"> ○ frill ○ pre-planting foliar ○ post-planting foliar <p>Itinerary B (Bergmann and McBride)—site visits to the following locations:</p> <ul style="list-style-type: none"> • Camp 16 THP--NSO issues • Camp 16 THP—group selection harvest areas • Lower Navarro THP—thinning of young even-aged stands • Marbled murrelet protection area along the Navarro River |
| <p>September 14, 2018</p> | |
| <p>FMU/Location/Sites visited</p> | <p>Activities/Notes</p> |
| <p>MRC field visit—single itinerary</p> | <p>Tour of eastern portion of the property along the Masonite Road</p> <ul style="list-style-type: none"> • Stop 1—Ackerman PLM: focus on black tail deer mgt. • Stop 2—10-4 THP—managing for black oak and madrone by removing Douglas fir via single tree selection • Stop 3—Miller Ridge—overview of exotics (blue gum and radiate pine) removal; star thistle was observed to be present |

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| <p>Closing meeting—MRC offices in Ukiah, CA</p> | <p>The lead auditor provided a verbal overview of the preliminary findings of the audit. The lead auditor provided an overview of the remaining procedural phases of this annual surveillance audit, including:</p> <ul style="list-style-type: none"> • Completion of stakeholder consultation • Review of documents gathered during the 4 days of audit activities • Final audit team deliberations (remote) regarding audit findings. • Preparation of the LCL, et al, complaint investigation report • Preparation of the annual surveillance audit report. |
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2.2 Evaluation of Management Systems

Evaluation of a FME’s management system is imbedded in the overall due diligence (conformity assessment) protocols employed by SCS audit team, protocols that have been developed and honed over 20+ years of FSC FM audits around the world. SCS deploys interdisciplinary audit teams with expertise in forestry, social sciences, natural resource economics, and other relevant fields to assess a FME’s conformance to applicable FSC standards and policies. Evaluation methods include document and record reviews, implementing sampling strategies to visit a representative cross-section of forest cover and harvest prescription types, observation of implementation of management plans and policies in the field, and stakeholder consultation/analysis. When there is more than one team member, team members are assigned responsibility for elements of the applicable 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 a synthesis and 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. Changes in Management Practices

No significant changes in HRC/MRC’s management practices have occurred since the 2017 annual surveillance audits¹. While there have been some personnel changes as well as changes in pertinent job duties of some key personnel, the overall management program and management structure associated with HRC and MRC is stable and well established. The audit team observed a high level of continuity of management approaches and practices. Further, there is an ongoing pattern of more centralized and common approaches to the management of these two Forest Management Units.

¹ The 2017 annual surveillance audit of MRC was conducted by Rainforest Alliance. RA’s full 2017 audit report was made available to and duly considered by the 2018 SCS audit team. In particular, all open findings (corrective action requests and observations) issued by RA were carried forward as “in scope” for the 2018 surveillance audit.

4. Results of the Evaluation

4.1 Existing Corrective Action Requests and Observations

Note: In 2017, HRC and MRC were covered by two separate FSC forest management certificates. The MRC surveillance audit was conducted by Rainforest Alliance and two Corrective Action Requests and two Observations were raised (see below). The HRC 2017 surveillance audit was conducted by SCS Global Services and no Findings were raised. In 2018, the two separate certificates were merged into a single multi-FMU certificate, issued by SCS Global Services and that is the subject of this audit report.

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| Finding Number: 2017.1 | |
| RA NRC#: 01/17 | |
| 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): N/A | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.6.b |
| Non-Conformity (raised by Rainforest Alliance): | |
| <p>“MRC has various documents and tools that address herbicide use. The main ones are Herbicide Policy; various sections of the FMP; pesticide prescriptions and assessments.</p> <p>MRC clearly justifies their use of herbicides in various documents and include a written goal to reduce and eventual phase out chemical use. In addition, MRC reports on herbicide use on their public website. However, the numbers reported are confusing since they track and report individual acres treated per technique (frill, foliar, etc.) which results in many acres being double counted. This makes it difficult to evaluate progress on the goal to reduce chemical use as a long-term strategy as required in Indicator 6.6.b.</p> <p>Based on interviews and observations, MRC has tried at least 9-10 different alternatives approaches to use of herbicide on tanaok use in the past and continue to explore opportunities. To date, efforts have been shown all alternatives to be cost prohibitive. An example of current efforts includes evaluating the option of allowing stakeholder to experiment with goats on a small tract. MRC is also a member of the Hardwood Management Group organized by Jackson State Forest, which has a goal to explore alternatives to chemical use. While MRC’s efforts on alternatives are ongoing, the “analysis of options” of these non-chemical strategies are not documented in the written strategy as required in Indicator 6.6.b. Use of herbicides on the ground has been observed to be in conformance during this and past audits. Documentation reviewed addresses some aspects of the Indicator especially the site specific herbicide use. However, there is no clear written strategy to guide consistent implementation of herbicide strategies across the entire property. This is especially important with multiple staff interpreting and implementing these activities. Based on staff interviews, there were some different approaches and understanding of strategies between different staff members (e.g. internal policy on buffers along boundaries and county roads).”</p> | |
| Corrective Action Request (issued by Rainforest Alliance): | |

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| <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> | |
| <p>FME response (during the 2018 surveillance audit) (including any evidence submitted)</p> | <p>No written responses to this 2017 Minor Corrective Action Request were received by SCS Global Services prior to the 2018 surveillance audit. During the 2018 audit, HRC/MRC’s Director of Stewardship, Sarah Billig, informed the audit team that the FME’s response to the CAR was to develop a comprehensive Vegetation Management Plan that would provide written policy and guidance on herbicide use that would address the identified non-conformities relative to Indicator 6.6.b. However, the Vegetation Management Plan is still in development (a first draft was shared with the 2018 audit team).</p> |
| <p>SCS Review</p> | <p>The SCS audit team concludes that until the Vegetation Management Plan is finalized and becomes an operative policy and guidance document, the FME has not adequately responded to this Minor Corrective Action Request. As over a year has now elapsed since this Minor Corrective Action Request was raised by Rainforest Alliance, FSC policy mandates that it now be upgraded to a Major Corrective Action Request. Per FSC policy, HRC/MRC has 3 months from the publication of this audit report to close this non-conformity, if suspension of the certificate is to be avoided.</p> |
| <p>Status of CAR:</p> | <p><input type="checkbox"/> Closed</p> <p><input checked="" type="checkbox"/> Upgraded to Major—See Major CAR 2018.8 which replaces/supersedes this 2017 NC raised by Rainforest Alliance.</p> <p><input type="checkbox"/> Other decision (refer to description above)</p> |

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| <p>Finding Number: 2017.2 RA NRC#: 02/17</p> | |
| <p>Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation</p> | |
| <p>FMU CAR/OBS issued to (when more than one FMU):</p> | |
| <p>Deadline</p> | <p><input type="checkbox"/> Pre-condition to certification/recertification</p> <p><input type="checkbox"/> 3 months from Issuance of Final Report</p> <p><input checked="" type="checkbox"/> 12 months or next regularly scheduled audit (surveillance or re-evaluation)</p> <p><input type="checkbox"/> Observation – response is optional</p> <p><input type="checkbox"/> Other deadline (specify):</p> |
| <p>FSC Indicator:</p> | <p>FM-35 RA COC Standard for FME; COC 5.2</p> |

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| <p>Non-Conformity (or Background/ Justification in the case of Observations): Language from RA audit report, dated 7 November 2017:</p> <p><i>“COC 5.2: FME shall have procedures in place and demonstrate submission of all FSC/Rainforest Alliance claims to Rainforest Alliance for review and approval prior to use.</i></p> <p>FME only uses the FSC trademark for promotional purposes (not on-product). FME’s COC control system includes procedures for obtaining approval for all FSC trademarks prior to use. A sample of approval records was provided. However, the auditors discovered a set of high profile promotional items (no longer being used) with FSC trademarks that were not submitted for approval.”</p> | |
| <p>Corrective Action Request (or Observation): Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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> | |
| <p>FME response (including any evidence submitted)</p> | <p>Evidence provided to SCS via email on 7 September 2018:</p> <p>“Please find attached a documentation of trainings held at both MRC and HRC offices as well as corporate training. In addition, myself [Sarah Billig] and our director of marketing, (who, along with her team, manages all postings to the forestry website) have established informal training for our internal marketing staff to ensure they double-check website postings for FSC trademarks and approval prior to posting.</p> <p>Additionally, I have attached a number of approvals (it’s not an exhaustive list). In advance of this audit, the marketing team went through the documents on the forestry website to ensure they were all correctly using the trademark and we had approval for them.”</p> |
| <p>SCS review</p> | <p>Reviewed written numerous email approvals of FSC trademark use (websites, fact sheets, THP templates, letter templates, etc.). All communications confirmed that FME submitted to and SCS approved requests for use of the FSC trademark. Interviews with FME staff and review of sign-in sheets verified that FSC trademark trainings occurred on 1/19/18, 2/9/18, 3/16/18, and 4/19/18 and covered the FSC requirements and company procedures for trademark use.</p> |
| <p>Status of CAR:</p> | <p><input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)</p> |

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| <p>Finding Number: 2017.3 RA NRC#: 03/17</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): N/A</p> | |

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| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 5.6.a |
| Issue: | |
| <p>MRC's Option A, which provides detail on AAC, was approved in 2008 using the best available information at that time. Based on interviews and review of the harvesting over the past decade, the model may be assuming a faster rate of rehabilitation harvests than is feasible. This may be due to potential lack of economic resources to be as aggressive with treating all of the acres that are dominated by hardwood as a result of past high grading. Thus, there may be more acres that MRC would like to rehabilitate than are economically viable. The acres that may not economically viable to treat in the near term, as well as the slower pace of reaching full conifer stocking on some sites may not be addressed in the model. In addition, upon review of 2008-2016 annual Option A reports to CAL FIRE, MRC is harvesting substantially more acres in even-aged techniques than planned in the Option A. For example, for period of 2011-2015, MRC harvested 11,114 acres but planned 0 acres using even-aged silviculture for that time period in the Option A. Because MRC is harvesting substantially less than allowed under the Option A, and it is clear, based on observations, interviews and document review there is low risk of MRC harvesting more than AAC, so this is not being issued as a nonconformance at this time.</p> | |
| Observation: | |
| MRC should ensure continued conformance with Indicator 5.6.a. | |
| FME response <i>(including any evidence submitted)</i> | No written response to this Observation was provided by the FME. However, the underlying topics and issues were the focus of discussions between members of the audit team and FME staff during the 2018 audit. |
| SCS review | This 2017 Observation is being closed and replaced with a new Observation; see OBS 2018.2. |
| Status of CAR: | <input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> <i>Other decision (refer to description above)</i> See Observation 2018.2. |

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| Finding Number: 2017.4 | |
| RA NRC#: 04/17 | |
| 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): N/A | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.2.a |
| Issue: | |
| After many years of work, MRC has a draft Habitat Conservation Plan (HCP). MRC has indicated the HCP | |

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| <p>is on hold due to a regional decrease in Northern Spotted Owl (NSO). It is unclear if the NSO decrease is due to reduction in habitat; increase of barred owl in the region; or both. Currently, MRC is using their Spotted Owl Resource Plan (SORP) to guide their NSO strategy. The SORP was developed in consultation with USFWS in 2010 as interim guidance until the HCP was approved. Recently, USFWS provided input and expressed concerns about NSO approach on a planned THP. The primary concern expressed is that MRC's SORP does not incorporate the USFWS 2012 NSO survey protocols. Since the THP is still in review stage, it is unclear at this time how the THP will be modified. It is also unclear if the USFWS concerns will require changes to MRC's NSO approach property-wide. Based on document review and interviews, there is a range of professional opinions regarding the effectiveness of the SORP between MRC staff and regulatory agencies (CAL FIRE, USFWS, and CA FWS). However, USFWS believes the SORP needs to be updated to follow the USFWS 2012 NSO survey protocol and MRC has indicated they are working with agencies to update the SORP. In the meantime, the current SORP and therefore NSO approach has been approved by CA FWS and remains in place.</p> | |
| <p>Observation: MRC should ensure continued conformance with Indicator 6.2.a.</p> | |
| <p>FME response (including any evidence submitted)</p> | <p>No written response to this Observation was provided by the FME. However, the underlying topics and issues were the focus of discussions between members of the audit team and FME staff, during the 2018 audit.</p> <p>There has been a significant development since the 2017 audit—the FME has decided to abandon its years-long initiative to develop and have approved a multi-species Habitat Conservation Plan for the MRC FMU. This means the company's Spotted Owl Resource Plan (SORP) and THP-specific protections remain the primary instruments through which it demonstrates conformity to all applicable federal and state laws/regulations pertaining to the Northern Spotted Owl (NSO).</p> |
| <p>SCS review</p> | <p>This 2017 Observation is being closed and replaced with a new Observation (OBS 2018.3).</p> |
| <p>Status of CAR:</p> | <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Upgraded to Major</p> <p><input checked="" type="checkbox"/> Other decision (refer to description above): See Observation 2018.3</p> |

4.2 New Corrective Action Requests and Observations from the 2018 Audit

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| Finding Number: 2018.1 | |
| <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): All</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 type="checkbox"/> Next audit (surveillance or re-evaluation)</p> <p><input type="checkbox"/> Other deadline (specify):</p> |
| <p>FSC Indicator:</p> | <p>4.4a</p> |
| <p>Issue: The forest owner or manager understands the likely social impacts of management decisions and</p> | |

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| incorporates this understanding into management planning and operations. | |
| Observation: Effective stakeholder consultation is an ongoing challenge. It would be helpful for the FME to conduct a self-assessment of the companies' stakeholder consultation processes--including how the results of consultation inform planning and operations as well as the level of stakeholder satisfaction with the FME's stakeholder consultation methods--and to modify/enhance these processes, as appropriate. | |
| FME response <i>(including any evidence submitted)</i> | |
| 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: 2018.2 | |
| Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): All | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 5.6a |
| Issue: The landowners or manager calculates the sustained yield harvest level for each sustained yield planning unit. The sustained yield harvest level calculation is documented in the Management Plan. | |
| Observation: Conformity to this Indicator hinges on sustained yield calculations that are reasonably current and that rely on up-to-date inventory and growth/yield data. Greater priority and an accelerated pace in completing the forest inventories and updating the sustained yield analyses would better ensure ongoing conformity. | |
| FME response <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: 2018.3 | |
| Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |

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| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.2.a |
| <p>Issue: If there is a likely presence of RTE species on the FMU, then either a field survey to verify the species’ presence or absence is conducted prior to site-disturbing activities or management is planned and takes place with the presumption that potential RTE species are present.</p> <p>For several years, MRC managers were developing a multi-species Habitat Conservation Plan that, when completed, would more than adequately demonstrate conformance to Indicator 6.2.a. However, between the 2017 and 2018 surveillance audits, company managers decided to abandon the HCP initiative for the MRC forest management unit. Company managers intend to comply with federal and state endangered species regulations through project-specific environmental assessments—the approach employed prior to the decision to develop a HCP.</p> <p>The SCS auditors recognize that HCPs are neither mandatory nor the only means by which RTE species can be protected in a manner that demonstrates conformity to this Indicator. However, the decision to abandon the HCP initiative is viewed by some state and federal regulatory personnel as a missed opportunity to forge a more collaborative relationship with the forest managers. And from the perspective of FSC certification, a reversion to a project-specific (THP) approach to assuring compliance with federal and state RTE regulations places renewed reliance on project-level assessment and protection measures that will merit careful consideration in future audits.</p> | |
| <p>Observation: (Follow-up Observation to NRC 04/17—A 2017 Observation issued by Rainforest Alliance to MRC) Now that the multi-species HCP initiative for the MRC FMU has been abandoned, protection of the Northern Spotted Owl and other RTE species relies on project specific analyses and protection measures. While project specific protection measures can be effective, if properly designed and executed, concerns over the FME’s protection measures for RTE species are understandably elevated on the part of environmental stakeholders and some regulatory agency personnel. The FME’s effectiveness at demonstrating adequate protection of RTE species will be a focus of attention as part of the next certification audit.</p> | |
| 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: 2018.4² | |
| 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): All | |
| 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: | 6.3d |
| Non-Conformity: A 3-acre stand of pure tanoak observed during the site visit in the Mattole watershed had been frilled in order to convert the stand to Douglas fir in the overstory. That is, for this site, management practices were not maintaining or enhancing plant species composition similar to what would naturally occur on the site. | |
| Corrective Action Request: The FME must modify, with appropriate documentation, its forest management objectives and practices so as to assure conformance with Indicator 6.3.d—that management maintain or enhance plant species composition, distribution and frequency of occurrence similar to those that would naturally occur on a site. | |
| 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) |

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| Finding Number: 2018.5 | |
| Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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: | 6.4a |
| Non-Conformity: The forest owner/manager must document the ecosystems (in size from tens of acres to thousands of acres) that would naturally occur on the FMU as part of the broader requirement to assess the adequacy of their representation and protection in the landscape. A current list of naturally occurring ecosystems on the FMU was not provided to the audit team. It is the audit team’s understanding that the FME has not listed pure stands of tanoak as a naturally occurring ecosystem, | |

² This Corrective Action Request is one of three that relate to findings that arose during the investigation of the complaint filed by Lost Coast League, et al.

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| though examples of such ecosystems are present on the FMU. | |
| Corrective Action Request: The FME must compile and convey to SCS an updated and comprehensive list of naturally occurring ecosystems found on the two FMUs covered by this FSC FM certificate, consistent with the definition in the glossary that “ecosystems” can be from “tens to thousands” of acres in size. | |
| 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: 2018.6 | |
| 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): N/A | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.4d |
| Issue: The RSA assessment (addressed in Indicator 6.4.a) shall be periodically reviewed and if necessary updated at a minimum of every 10 years. | |
| Observation: From a workload planning standpoint, the FME is reminded that RSA assessments are to be updated at a minimum of every 10 years. | |
| 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: 2018.7 | |
| Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |

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| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.5.d |
| Issue: The transportation system is to be designed, constructed, maintained, and/or reconstructed to reduce short and long-term environmental impacts including control/prevention of sediment discharge into streams as well as free upstream and downstream passage for aquatic organisms. | |
| Observation: | |
| <ul style="list-style-type: none"> • Potential impact of smooth culverts on upstream movement of “climbing” aquatic species is unknown and, as such, investigating this issue would be helpful in assuring conformance to this Indicator • It is our impression that consistent adherence to road closures (for road-legal vehicles) is not rigorously followed • At the time of the audit (September), there was insufficient ability to properly water roads as the company water truck was inoperable and contractor water trucks were all engaged in fire suppression activities elsewhere in the state, only heightening the importance of having at least one properly functioning company water truck during logging season. | |
| FME response <i>(including any evidence submitted)</i> | |
| SCS review | |
| Status of CAR: | <input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above) |

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| Finding Number: 2018.8³ | |
| Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| Deadline | <input type="checkbox"/> Pre-condition to certification <input checked="" type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 6.6.b |
| Non-Conformity: | |
| From the Rainforest Alliance 2017 audit report for the MRC property: There is no clear written strategy to guide consistent implementation of herbicide strategies across the entire property. This is especially | |

³ This Corrective Action Request is one of three that relate to findings that arose, in part, during the investigation of the complaint filed by Lost Coast League, et al.

important with multiple staff interpreting and implementing these activities. Based on staff interviews, there were some different approaches and understanding of strategies between different staff members (e.g. internal policy on buffers along boundaries and county roads).

As of the date of the 2018 audit, over a year after RA raised the non-conformity against Indicator 6.6.b, the FME had not yet completed and begun to implement the requested Vegetation Management Plan. As such, the certification body (now SCS), is obligated to replace the 2017 Finding with a new Major Non-Conformity.

Stakeholder input received during the 2018 audit revealed ongoing concern by community members in both Mendocino and Humboldt Counties about HRC/MRC's ongoing high levels of use of herbicides, primarily in relation to control of tanoak.

A review by the audit team of HRC/MRC's current and projected use levels revealed that under current plans it will be several decades before a substantial reduction in used levels is realized.

Corrective Action Request:

The FME must: a) adopt new and/or modify current strategies and associated timeframes so as to more effectively demonstrate a commitment, in the nearer and longer terms, to avoiding (i.e., reducing) use of chemical pesticides, b) complete and make publicly available the Vegetation Management Plan (VMP) covering both FMUs, c) within the VMP, clearly indicate to the reader the FMU-specific time frames within which the company expects to be able to demonstrate a substantial reduction in the use of herbicides to reduce tanoak presence in the FMUs. The VMP must be responsive to and compatible with the pertinent findings in the Lost Coast League, et al, Complaint Investigation Report.

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| 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) |

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| Finding Number: 2018.9 | |
| Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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: | 6.6.e |
| Non-Conformity: In dialogue during the 2018 audit, FME personnel acknowledged that monitoring activities to assess the efficacy and possible collateral effects of chemical herbicide use are informal and | |

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| largely anecdotal. | |
| Corrective Action Request: The FME must design, document and implement a structured/focused monitoring program for understanding the effects (intended and unintended) of chemical herbicide use on the two FMUs. | |
| FME response <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) |

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| Finding Number: 2018.10 | |
| Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 8.2.a.1 |
| Issue: There remain opportunities to improve the robustness of the inventory systems, particularly on the MRC FMU where a property-wide re-inventory has not been proceeding at a pace originally intended by forest managers. | |
| Observation: Efforts to accelerate the pace for completing new forest inventories for both the MRC and HRC forest management units would strengthen conformance to this Indicator and reduce the likelihood of a non-conformity relative to this Indicator in future audits. | |
| FME response <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) |

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| Finding Number: 2018.11⁴ | |
| Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation | |

⁴ This Corrective Action Request is one of three that relate to findings that arose during the investigation of the complaint filed by Lost Coast League, et al.

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| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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): 6 months from issuance of this audit report |
| FSC Indicator: | 9.1.a |
| Issue: One finding of the LCL, et al, complaint investigation (that was undertaken by the auditors on September 11 th as an adjunct to the surveillance audit; the full investigation report is available upon request from SCS) was that HRC's HCV assessment of their properties in the Mattole merited an update, in response to the complainants' assertion that there are other areas in the Mattole that possess the same attributes as found within the 202-acre area that HRC has designated as HCV. | |
| Corrective Action Request: The FME must undertake an updated assessment for the presence of high conservation values (per the FSC definition) on its lands within the Mattole watershed. The results of the updated HCV assessment must be shared with the Lost Coast League, et al, complainants. | |
| 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: 2018.12 | |
| Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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 type="checkbox"/> Other deadline (specify): |
| FSC Indicator: | 9.3.a |
| Issue: The management plans and relevant operational plans should describe the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas, including the precautions required to avoid risks or impacts to such values. | |
| Observation: The HRC and MRC forest management plans could more effectively/explicitly present the necessary measures to assure maintenance and/or enhancement of all HCVs (e.g., this is missing for Long Ridge in the Mattole) | |
| FME response <i>(including any evidence</i> | |

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| <i>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: 2018.13 | |
| Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation | |
| FMU CAR/OBS issued to (when more than one FMU): N/A | |
| 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: | 9.4.a |
| Non-Conformity: At present, and as acknowledged in dialogue with members of the audit team, the results of monitoring of HCVs, beyond anecdotal references, are not being systematically documented. | |
| Corrective Action Request: The FME must incorporate into its forest management plans, or other relevant management documents that are publicly available (per FSC Criterion 8.5), documentation of the results of monitoring of the status of identified HCV attributes, including the effectiveness of the measures employed for their maintenance or enhancement. | |
| FME response <i>(including any evidence submitted)</i> | |
| 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> |

5. Stakeholder Comments

In accordance with SCS protocols, consultation with key stakeholders is an integral component, particularly of the 5-year, full-scope evaluation process. (This audit was a partial-scope, annual surveillance audit.) 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 past evaluations, 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

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 (not applicable for all audits in the U.S.). 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.

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| <p>Environmental stakeholders</p> | <p>Roughly 5 weeks prior to the 2018 HRC/MRC audit, SCS received written input, in the form of a formal complaint, from a lengthy list of stakeholders with longstanding interest in HRC’s past, current and planned activities in the Mattole River watershed. Three of the SCS audit team members travelled the Mattole, accompanied by 7 representatives of the Lost Coast League, on Tuesday afternoon/evening, September 11th as part of the complaint investigation. The complaint was addressed through the FSC/SCS dispute resolution protocol, resulting in the issuance of a complaint investigation report, issued on November 7th.</p> <p>Via telephone conversations, stakeholder input from the environmental community in Mendocino County was also received—focusing on the MRC operations. The most prevalent concern raised was MRC’s use of herbicides to reduce tanoak presence in previously harvested stands.</p> |
| <p>Natural resource agency and academic/cooperative extension personnel</p> | <p>A variety of perspectives were voiced through a number of telephone conversations with agency personnel and current or former UC cooperative extension personnel. Some individuals expressed concern about herbicide use and the company’s decision to cease development of a HCP (habitat conservation plan) for the MRC property while others expressed a generally positive set of</p> |

| | |
|---------------------------|--|
| | viewpoints regarding HRC/MRC’s role and management activities on the North Coast. |
| Contractors and employees | Input from this stakeholder group was received primarily through face to face interviews and some telephone interviews. Generally, input received was quite positive. There was some concern expressed by contractors about the company hiring more logging contractors from outside the local region. |

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

| Stakeholder Comments | SCS Response |
|--|--|
| Economic Concerns | |
| No comments received. | |
| Social Concerns | |
| Some stakeholders expressed concern that MRC is bringing in logging crews from outside the coast region. | This topic was discussed with FME personnel during the course of the audit; no findings were raised. |
| Environmental Concerns | |
| HRC and MRC management relies too extensively on herbicides to manage tanoak | See Major CAR 2018.8 and Minor CAR 2018.9 |
| HRC should not be logging and applying herbicides in the Mattole watershed. | <p>The SCS audit team conducted a field reconnaissance of the Mattole in order to examine HRC’s planned management activities. Per ownership and management documents reviewed, HRC has the rights to own and manage the timber resources found on its lands in the Mattole watershed as long as legal requirements are met. No allegations of violation were received from regulatory bodies.</p> <p>While stakeholder desires for a cessation of logging in the Mattole are not supported by the FSC Standard, the audit team did conclude that: a) there is a need for HRC to undertake an updated HCV assessment in the Mattole (Minor CAR 2018.12), b) the company must complete a Vegetation Management Plan that demonstrates a planned reduction in chemical use (Major CAR 2018.8).</p> |
| TMDL issues remain in the Elk River drainage. | One of the SCS auditors visited the Elk River drainage as part of the 2017 surveillance audit. SCS is satisfied that HRC is appropriately cooperating with other industrial landowners in the Elk River as well as the Regional Water Quality Control Board (RWQCB) and CalFire personnel. HRC is genuinely committed to conforming to a stringent set of protective measures designed to ameliorate the effects of sediment buildup in the lower reaches of the Elk, as confirmed via review of management planning documents and RWQCB records. |

6. Certification Decision

| | |
|--|--|
| <p>The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship Council 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: Mendocino Redwood Company has been in operation for 20 years; Humboldt Redwood Company has now been in operation for over a decade. Both operating units (companies) have established and adhere to policies and management practices that have been evaluated by FSC audit teams on an annual basis for essentially the entire history of the companies. Operations can be accurately characterized as a dynamic yet evolving steady state with a substantial continuity, over time. As such, and while considering the fact that there are areas where improvements are needed (as addressed in the Findings section of this audit report), the audit team readily concludes that continuance of HRC/MRC’s Forest Stewardship Council forest management certification is clearly warranted.</p> <p>A significant scope change was reviewed during this audit, as it was the first since HRC/MRC’s two certificates had been combined into a multi-FMU certificate. The audit team reviewed the eligibility to make this transition and had no concerns. HRC/MRC operate with shared staff and resources, and there is common ownership between the two FMUs. The audit team determined that the companies functionally operate as a single forest management entity, and had no concerns about its ability to implement its management system across both forest management units.</p> | |

7. Changes in Certification Scope

Any changes in the scope of the certification since the previous audit are highlighted in **yellow⁵** in the tables below.

Name and Contact Information

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

FSC Sales Information

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

⁵ As this is the first audit report since merging of the MRC and HRC operations into a single multi-FMU certificate, all of the statistics presented in this section of the report are changed from those found in the report issued by SCS for the 2017 audit of HRC.

| | | |
|--|----------------|----------------------|
| | Website | https://mendoco.com/ |
|--|----------------|----------------------|

Scope of Certificate

| | | |
|---|--|--|
| Certificate type | <input type="checkbox"/> Single FMU | <input checked="" type="checkbox"/> Multiple FMU |
| | <input type="checkbox"/> Group | |
| SLIMF if applicable | <input type="checkbox"/> Small SLIMF certificate | <input type="checkbox"/> Low intensity SLIMF certificate |
| | <input type="checkbox"/> Group SLIMF certificate | |
| # Group Members (if applicable) | | |
| Number of FMU's in scope of certificate | 2 | |
| Geographic location of non-SLIMF FMU(s) | Latitude & Longitude: MRC: 39 deg 10'41.02"N; 123deg 14'18.93"W; HRC: 40 deg 29'00.61"N; 124deg 06'11.55"W | |
| Forest zone | <input type="checkbox"/> Boreal | <input checked="" type="checkbox"/> Temperate |
| | <input type="checkbox"/> Subtropical | <input type="checkbox"/> Tropical |
| Total forest area in scope of certificate which is: Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac | | |
| privately managed | 438,461 | |
| state managed | | |
| community managed | | |
| Number of FMUs in scope that are: | | |
| less than 100 ha in area | | 100 - 1000 ha in area |
| 1000 - 10 000 ha in area | | more than 10 000 ha in area |
| | | 2 |
| Total forest area in scope of certificate which is included in FMUs that: Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac | | |
| are less than 100 ha in area | 0 | |
| are between 100 ha and 1000 ha in area | 0 | |
| meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs | 0 | |
| Division of FMUs into manageable units: Sustainability units | | |
| MRC: | | |
| Rockport Coastal: 18,138 | | |
| Hollowtree: 21,046 | | |
| North Navarro West: 9,811 | | |
| Elk Creek: 14,075 | | |
| Albion: 16,269 | | |
| Greenwood Creek: 9,882 | | |
| Garcia River: 15,634 | | |
| Noyo: 19,346 | | |
| Big River North: 13,169 | | |
| Big River South: 14,577 | | |
| North Navarro East: 13,169 | | |
| South Navarro West: 14,577 | | |

| | |
|-----------------------------------|--------|
| South Navarro East: 17,713 | |
| Alder Creek: 10,642 | |
| Annapolis: 7,044 | |
| Willow Creek; 1,811 | |
| Ukiah: 12,989 | |
| HRC: | |
| 01 Mad River | 4,926 |
| 02 Freshwater | 15,537 |
| 03 Elk River | 22,070 |
| 04 Strongs Creek | 4,875 |
| 05 Yager | 19,297 |
| 06 Van Duzen | 22,761 |
| 07 Shively | 14,553 |
| 08 Larabee | 24,085 |
| 09 Eel River | 24,062 |
| 10 McCann | 7,897 |
| 11 Bear River | 16,537 |
| 12 Mattole River | 18,165 |
| 13 Lawrence | 14,593 |

Production Forests

| Timber Forest Products | Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac |
|---|---|
| Total area of production forest (i.e. forest from which timber may be harvested) | 395,711 |
| Area of production forest classified as 'plantation' | 0 |
| Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems | 161,517 |
| Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems | 234,285 |
| Silvicultural system(s) | Area under type of management |
| Even-aged management | 0 |
| Clearcut (clearcut size range) | 0 |
| Shelterwood | 0 |
| Other: | 0 |
| Uneven-aged management | 395,711 |
| Individual tree selection | 131,903 |
| Group selection | 131,903 |
| Other: variable retention, rehabilitation, etc | 131,904 |

| | |
|---|---|
| <input type="checkbox"/> Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.) | |
| Non-timber Forest Products (NTFPs) | |
| Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services | 0 |
| Other areas managed for NTFPs or services | 0 |
| Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type | 0 |
| Species in scope of joint FM/COC certificate: <i>Scientific/ Latin Name</i> (Common/ Trade Name) | |
| <i>Sequoia sempervirens</i> (Redwood); <i>Pseudotsuga menziesii</i> (Douglas-fir); <i>Abies grandis</i> (grand fir); <i>Eucalyptus</i> spp (Eucalyptus); <i>Lithocarpus</i> spp.(tanoak); <i>Tsuga heterophylla</i> (Raf.) Sarg (western hemlock) | |

FSC Product Classification

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

Conservation Areas

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

| | | | |
|---|--|--|--|
| High Conservation Value Forest / Areas | | | Units: <input type="checkbox"/> ha or <input type="checkbox"/> ac |
| Code | HCV Type | Description & Location | Area |
| HCV1 | Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia). | Refugia stands containing Type 1 and Type 2 old growth redwood and Douglas-fir not included in HCV2; coho core areas, lower alder creek murrelet area, northern spotted owl core areas, point Arena mountain bever | 27,760 |
| HCV2 | Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or | Large scale refugia redwood forests containing Type 1 and Type 2 old growth along | 6,515 |

| | | | |
|---|--|--|---------------|
| | containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance. | with second growth persevered in Marbled murrelet conservation areas (MMCAs) | |
| HCV3 | Forests or areas that are in or contain rare, threatened or endangered ecosystems. | Riparian management zones, pygmy forest, oak woodland, etc | 37,794 |
| HCV4 | Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control). | | |
| HCV5 | Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health). | | |
| HCV6 | Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities). | Significant sites | 10 |
| Total area of forest classified as 'High Conservation Value Forest / Area' | | | 72,079 |

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

| | | |
|--|--|--|
| <input checked="" type="checkbox"/> 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) |
| | | |
| | | |

8. Annual Data Update

8.1 Social Information

| | |
|---|----------------------|
| Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender): | |
| male workers: # 372 | female workers: # 24 |

| | | |
|--|--------------|------------|
| Number of accidents in forest work since previous evaluation: | Serious: # 0 | Fatal: # 0 |
|--|--------------|------------|

8.2 Annual Summary of Pesticide and Other Chemical Use

| <input type="checkbox"/> FME does not use pesticides. | | | | |
|---|---------------------|---|---|----------------------------------|
| Commercial name of pesticide / herbicide | Active ingredient | Quantity applied since previous evaluation (kg or lbs.) | Total area treated since previous evaluation (ha or ac) | Reason for use |
| Glyphosate | Glyphosate | 1,666 gallons | 2,043 | Controlling competing vegetation |
| Imazapyr | Imazapyr | 2,090 gallons | 6,677 | Controlling competing vegetation |
| Triclopyr Amine | Triclopyr Amine | 923 gallons | 2,035 | Controlling competing vegetation |
| Sulfometuron methyl | Sulfometuron methyl | 380 | 10 | Controlling competing vegetation |
| Aminopyralid | Aminopyralid | 1.4 | 1 | Competing controlling vegetation |
| Clopyralid | Clopyralid | 15 gallons | 80 | Controlling competing vegetation |
| Triclopyr Ester | Triclopyr Ester | 1,289 gallons | 1,844 | Controlling competing vegetation |

