

**Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Evaluation Report for the:**

Humboldt Redwood Company, LLC

**Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body**

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-00120N**

Submitted to:

**Humboldt Redwood Company, LLC
Private Forestlands in Humboldt County, California**

Lead Author:

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Date of Field Audit:

August 3-7, 2009

Date of Report:

November 30, 2009

Certified: Date of Certificate 12/1/2009

By:

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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 SCS website (www.scs-certified.com) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of the Humboldt Redwood Company, LLC.

FOREWORD

Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by the Humboldt Redwood Company, LLC to conduct a certification evaluation of its private forestland holdings in Humboldt County, California. Under the FSC/SCS certification system, forest management operations meeting international standards of forest stewardship can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace.

In August of 2009, an interdisciplinary team of natural resource specialists was empanelled by SCS¹ to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a 5 day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted.

This report is issued in support of a recommendation to award FSC-endorsed certification to Humboldt Redwood Company, LLC for the management of its forestlands. As detailed below, certain pre-conditions (also known as Major Corrective Action Requests) that were stipulated by the audit team upon completion of the field audit were addressed by the Humboldt Redwood Company, LLC and cleared by SCS prior to finalization of this report. In the event that a certificate is awarded, Scientific Certification Systems will post this public summary of the report on its web site (www.scscertified.com).

¹ Of note, and at the request of Humboldt Redwood Company, this certification project was undertaken jointly by Scientific Certification Systems (SCS) and Rainforest Alliance/Smartwood (SW). Both SCS and SW are FSC-accredited certification bodies in their own right and both have previously collaborated on the FSC certification of Mendocino Redwood Company. As with the prior MRC project, SCS and SW formed a single joint interdisciplinary audit team with representatives from both certification bodies. The team functioned no differently than any other FSC audit team except for the requirement to conform to both the SCS and SW audit protocols (which are very substantially similar due to their both being accredited by the FSC). A single, joint certification recommendation was reached, a single set of corrective action requests and observations were developed but two separate but largely identical reports were generated in order to support separate issuance of certificates (if warranted by the outcome of the evaluation).

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SECTION A- PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 FSC Data Request

Applicant entity	Humboldt Redwood Company, LLC
Contact person	Maralyn Renner Stewardship Manager/Senior Botanist
Address	P.O. Box 712 Scotia, CA 95565
Telephone	(707) 764-4199
Fax	(707) 764-4400/4155
E-mail	mrenner@hrcllc.com
Certificate Number	
Certificate/Expiration Date	
Certificate Type	Single FMU
Number of FMU's	1
Number of FMUs in scope that are	
less than 100 ha in area	0
100 - 1000 ha in area	0
1000 - 10 000 ha in area	0
more than 10 000 ha in area	1
Location of certified forest area	
Latitude	Latitude: 40°50'25" - 40°08'16" degrees North
Longitude	Longitude: 124°12'44" - 123°42'36" degrees West
Forest zone	Temperate
Total forest area in scope of certificate which is included in FMUs that:	
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
Total forest area in scope of certificate which is:	
privately managed ^[1]	209,661 Acres
state managed	0
community managed ^[2]	0
Number of forest workers (including contractors) working in forest within scope of certificate	130
Area of forest and non-forestland protected from commercial harvesting of timber and managed primarily for conservation objectives	28,637 ac
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	8,539 ac
Area of forest classified as 'high conservation value forest'	46,893

List of high conservation values present ^[3]	HCV 1, 2 and 4
Chemical pesticides used	
Total area of production forest (i.e. forest from which timber may be harvested)	200,003 ac
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	0 ac
Area of production forest regenerated primarily by replanting ^[4]	30,982
Area of production forest regenerated primarily by natural regeneration	141,146
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	Coastal redwood (<i>Sequoia sempervirens</i>), Douglas-fir (<i>Pseudotsuga menziesii</i>), Grand fir (<i>Abies grandis</i>), Tanoak (<i>Lithocarpus densiflorus</i>)
Approximate annual allowable cut (AAC) of commercial timber	55 mmbf
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	NA
List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products (include basic description of product - e.g. round wood, pulp wood, sawn timber, kiln-dried sawn timber, chips, resin, non-timber forest products, etc.)	Logs, wood products

Conversion Table English Units to Metric Units

Length Conversion Factors

To convert from	to	multiply by
mile (US Statute)	kilometer (km)	1.609347
foot (ft)	meter (m)	0.3048
yard (yd)	meter (m)	0.9144

Area Conversion Factors

To convert from	to	multiply by
square foot (sq ft)	square meter (sq m)	0.09290304
acre (ac)	hectare (ha)	0.4047

Volume Conversion Factors

Volume

To convert from	to	multiply by
cubic foot (cu ft)	cubic meter (cu m)	0.02831685
gallon (gal)	liter	4.546

1 acre	= 0.404686 hectares
1,000 acres	= 404.686 hectares
1 board foot	= 0.00348 cubic meters

1,000 board feet = 3.48 cubic meters
1 cubic foot = 0.028317cubic meters
1,000 cubic feet = 28.317 cubic meters

Breast height = 1.4 meters, or 4 1/2 feet, above ground level

Although 1,000 board feet is theoretically equivalent to 2.36 cubic meters, this is true only when a board foot is actually a piece of wood with a volume 1/12 of cubic foot. The conversion given here, 3.48 cubic meters, is based on the cubic volume of a log 16 feet long and 15 inches in diameter inside bark at the small end.

1.2 Management Context

Pertinent Regulations at the Federal Level:

- a) Endangered Species Act
- b) Migratory Bird Act
- c) Lacey Act
- d) Clean Water Act (Section 404 wetland protection)
- e) Occupational Safety and Health Act
- f) National Historic Preservation Act
- g) Archaeological and Historic Preservation Act
- h) Americans with Disabilities Act
- i) U.S. ratified treaties, including CITES

Pertinent Regulations at State and Local Level:

- a) The California Forest Practice Regulations (FPR)
- b) Timberland Productivity Act
- c) California Endangered Species Act (CESA)
- d) Porter-Cologne Water Resources Act
- e) California Civil Code Section 1008
- f) California Environmental Quality Act (CEQA)

Regulatory Context for State and Local Regulations:

The following has been adapted from SCS' Mendocino Redwood Company's 2005 Full Assessment Report and the Humboldt Redwood Company's Management Plan:

California has some of the most rigorous forest practice regulations in the United States. These regulations are developed by a governor appointed Board of Forestry and based on the Z'Berg-Nejedly Forest Practices Act of 1973. Additionally, the Federal Endangered Species Act, the California State Endangered Species Act and EPA Clean Water Act also play a significant role in regulating forestry activities in California.

An overarching long-term sustained yield plan must be prepared for all ownerships larger than 50,000 acres (20,243 ha). Further, a Timber Harvest Plan (THP) must be prepared for every timber harvest project. The THP is considered the functional equivalent of an environmental impact report (EIR) under the California Environmental Quality Act (CEQA). The lead agencies for overseeing THP process are the California Department of Forestry and Fire Protection (CAL FIRE) and California Regional Water Quality Control Board

(CRWQCB). The California Department of Fish and Game (CDFG) and the California Department of Mines and Geology (CDM&G) also provide significant input into the THP process. As a group, the agencies review the written THP and evaluate the company's compliance with the FPA by making onsite visits before, during and after harvest. Moreover, the THP process is a public process. The project proponent files their long-term plan and THP with the state and the public is given opportunity to provide written or verbal comment to the agencies. The agencies are required to respond to each comment in writing. Additionally, the National Marine Fisheries Service monitors each project's protection of RTE anadromous fish (chinook and coho salmon and steelhead trout). The California Department of Fish and Game monitors other RTE species on behalf of the National Fish and Wildlife Service.

The State also regulates the protection of historical and archeological sites. Native American Tribes are given significant opportunities to protect sites of cultural importance. Archeological, cultural, and historical resources have added protections that HRC must address. HRC complies with CAL FIRE requirements for Archeological and Cultural resources. Three main procedures required in a Confidential Archeological Addendum to a THP include a check of the state's archeological records, notification of the Indian tribe that occupied the land as part of its traditional territory, and an archeological survey of the property conducted by an archaeologist or an archaeologically trained resource professional. Due to legal confidentiality requirements, locations of archeological sites are maintained on a map with strict security controls. HRC conducts a periodic property-wide records search in conjunction with the North Coastal Information Center for archeological resources to ensure that the significant archeological and historical sites within the ownership are adequately identified and protected (FPR Article 14 Archeological and Historical Resource Protection, Section 929.1). HRC foresters and technicians undergo CLFA/CAL FIRE archeological-training program (FPR Article 14 Archeological and Historical Resource Protection, Section 929.4).

1.2.1 Environmental Context

The following has been adapted from the Humboldt Redwood Company's management plan:

The Humboldt Redwood Company, LLC (HRC) owns 209,300 acres in Humboldt County, California. The property is located in a north-to-south band lying 5 to 50 miles inland from the Pacific Ocean and is generally centered along U.S. Rte. 101. The landscape is a diverse series of ridges uplifted as the oceanic plates collide with the North American continent, producing a mountainous terrain with elevations rising from 40 to 3,600 feet above sea level.

The geology underlying the ownership is composed of sedimentary rocks accreted to the active margin of the North American continent as the Gorda and San Juan de Fuca plates slip under the continent. The bedrock is highly deformed and fractured forming a structurally weak mélangé in the east made up of folded, faulted, and fractured hard sandstone, argillites in the south and west, and poorly consolidated young fine grained silts, clays, and sands in the north and central portions of the property. The soils are typically well drained, shallow to moderately deep, and provide nutrients to sustain long term forest growth.

Vegetation on HRC lands is primarily Coastal Redwood and Douglas-fir Mixed Conifer Forests. Areas that lie inland farther from the influence of the marine climate, and holdings in the Bear and Mattole River drainages are dominated by Douglas-fir and Hardwood-Mixed Evergreen Forest. Approximately 95% of the property is forested, with the remaining area covered by prairie, shrubs,

and waterways. Conifer species include Coastal Redwood (*Sequoia sempervirens*), Douglas-fir (*Pseudotsuga menziesii*), grand fir (*Abies grandis*), and Western hemlock (*Tsuga heterophylla*). The hardwoods include primarily tanoak (*Lithocarpus densiflora*), Pacific Madrone (*Arbutus menziesii*), Red alder, (*Alnus rubra*), and Oregon white oak (*Quercus garryana*), while chinquapin (*Castanopsis chrysophylla*), Bigleaf Maple (*Acer macrophyllum*), and other oak species (*Quercus* spp.) are a lesser component.

HRC's lands are among the most biologically diverse and productive lands on the west coast of North America. Due to high precipitation, moderate temperatures, and rich organic soils, redwood and Douglas-fir forests can achieve very high volumes of standing biomass. On HRC lands, eighty-six percent of the timberland is classified as Site Quality II indicating that the co-dominant trees in the stand can achieve heights of 102-121 feet by 50 years of age. There are lesser amounts of Site I (greatest growth) and III (average growth for the species).

HRC lands support many species of birds, mammals, fish and amphibians. The diversity of forest age classes and spatial patchiness of the forest landscape on HRC lands provides habitat to many species with a wide array of habitat needs. Of particular importance are 5 species that inhabit our forests and streams that are federally or state listed as threatened or endangered in northern California, including northern spotted owls, marbled murrelets, and 3 species of salmon, including Chinook, Coho and steelhead trout. These species occur throughout HRC lands, in some cases in robust populations. In addition to these protected animal species, HRC lands contain one of the largest populations of the State endangered plant, Humboldt milk-vetch.

1.2.2 Socioeconomic Context

The following description has been adapted from HRC's management plan, as well as taking auditor observations into account:

Prior to the 1850s, HRC forestlands were largely late successional Coastal Redwood and Douglas-fir mixed forests supporting communities of Native Americans such as the Wiyot, Sinkyone, Whilkut, and the southern Athabascans that include the Mattole and Nongatle. These peoples used fire to clear areas and improve hunting, especially along the borders of the redwood forest where woodlands and prairies existed. The first known discovery of Humboldt Bay by Europeans occurred in 1806. Somehow this initial discovery of the bay and its environs was forgotten. Instead, Humboldt Bay's discovery is attributed to Dr. Josiah Gregg and his companions, who traveled west on foot from the Trinity Gold Fields in 1849. The re-discovery of the Humboldt Bay entrance is credited to H.H. Buhne, who piloted a small boat through the Bay entrance and landed on the shores in 1850. The first sawmill was established on Humboldt Bay shortly thereafter, marking the beginning of the lumber industry on what became known as the Redwood Coast of California. Initial harvesting in the 1850s and 1860s began at the mouths of watersheds and progressed up-stream and up-slope to ridgelines.

According to 2008 U.S Census Bureau estimates, Humboldt County, California is 3,572.49 mi² with 35.4 persons per mi² with a population of 129,000. It is 86.2% white, 8.4% in part or whole Hispanic or Latino, 6.3% Native American, and 1.1% black. The State distribution is 76.6%, 36.6%, 1.2%, 6.7%, respectively, with 6.7% being Asian. As of 2000 in Humboldt County, of those older than age 25, 84.9% had a high school diploma while 23.0% had a bachelors degree or higher. These numbers were 76.8% and 26.6% for the State, respectively. In 2007, median household income was \$37,281 for the County versus \$59,928 for the State.

Since 1990, employment in most sectors of the economy has fallen significantly in northwest California. Today in Humboldt County, timber production, ranching, agriculture,

recreation, and tourism are still the common uses of the land. However, the business environment has changed, especially for forest industry. This was due to a wide range of related occurrences, such as changes in mill technologies, corporate consolidation of the industry and associated downsizing, historic over capitalization/excess mill capacity, shifting policy priorities on public lands, and diminishing log supplies.

Government, manufacturing, services, and hospitality jobs are now the largest employers in the county with government, services, and retail trade expected to produce the largest future growth in employment (up to 90%). So, while forest industry had been the County's top industrial sector for years, it is, despite its recent fall off, still an important contributor to the County economy for both employment and value-added production. In addition, the natural resource base has continued to make Humboldt County a primary tourist destination, focused primarily on the fame of its giant redwood trees. Popular tourist destinations include Humboldt Redwoods State Park, Richardson Grove State Park, and Redwoods National Park. The largest employers in Humboldt County include Humboldt County, Humboldt State University, St. Joseph Health System, Eureka City Schools, College of the Redwoods, The Sun Valley Group, Green Diamond Resource Co., Mad River Hospital, HRC, and the U.S. Postal Service.

While the County social and economic environment is important to HRC's viability, its surrounding landscape and those residing in it are just as important to HRC. Much of HRC's forestlands are adjacent to public and private roads, neighbors, and public reserves and parks. These are areas of community concern and are considered in forest planning and operations by foresters and managed with special sensitivity to impacts silvicultural activities may have on the viewsheds and aesthetic quality for adjacent neighbors, among other issues. HRC's public access policy is to encourage cooperative education and research on its ownership. It is also open to a variety of other activities including hiking, camping, picnicking, bicycling, horseback riding, running, hunting, and fishing. Written permits or lease arrangements are required for all of these activities to shelter wildlife, prevent road damage, protect watercourses, educate individuals about safety issues, and allow HRC protection from personal liability claims. To aid HRC in the implementation of the public access policy, HRC has a gate policy for employees and contractors to ensure that access to the property is controlled for public and employee safety, as well as protection of the environment. Grazing is a traditional land use in Humboldt County. HRC's grazing lease policy seeks to minimize resource damage, while providing HRC with the benefit of reducing fire hazard by lowering the amount of dry standing grass in the summer.

1.3 Forest Management Enterprise

1.3.1 Land Use

The following sections on land use have been adapted from HRC's management plan:

Historical land use

Initial harvesting starting in the 1850's and 1860's began at the mouths of watersheds and progressed up-stream and up-slope to the ridgelines. Early logging generally consisted of a regimen of burn, clear-cut, and burn again, followed by dragging logs downhill to the nearest stream and using the streambeds as transportation corridors. Once landed in the larger river valleys, logs were floated to mills via the river systems. Later entries into these earlier logged forests, and first entry into forests

located further inland, were commonly accomplished with steam donkeys (steam driven cable machines), and railroads.

The end of World War II brought an entirely new logging system based on crawler tractors and trucks. This transition stimulated construction of a gravel and dirt road network to access the property that is used today.

Some of the early owners of what now comprise HRC forestlands were the Holmes-Eureka Lumber Co., Hammond Lumber Co., Dolbeer & Carson Lumber Co., Arcata Redwood Co., Freshwater Lumber Co., The Pacific Lumber Co., Hicks Vaughan Redwood Co., and Van Duzen River Redwood Company. Over the years, the most productive timberlands owned by many of the original logging businesses were acquired and consolidated by The Pacific Lumber Company.

These purchases included large tracts old-growth, natural forests that had never been logged. Unlike other timberland owners, The Pacific Lumber Co. did not harvest all of its old-growth during the first eight decades of the 20th century. Pacific Lumber primarily used partial harvest techniques which left comparatively large amounts of old-growth trees in mixed age and old-growth stands on the ownership. Clear-cutting was brought back into favor in the mid 1980's, resulting in portions of the ownership containing young, sub-merchantable sized trees, though significant stands of old-growth and large second growth still remain in some areas.

Current land management

The landscape on HRC's lands is a mixture of working forest intermingled with old-growth reserves. Consolidation of its lands over the years included large tracts of old-growth, natural forests that had never been logged. Unlike other timberland owners, The Pacific Lumber Co. did not harvest all of its old-growth during the first eight decades of the 20th century, which left a comparatively large area of old-growth trees in contiguous tracts or mixed with younger age stands on the ownership. Recently, several of these larger old-growth tracts have been transferred into public ownership. However, several large areas, as well as residual old-growth trees dispersed throughout the property remain in HRC ownership.

Through parts of the 20th century, the Pacific Lumber Company (PALCO) primarily used partial harvest or thinning techniques when harvesting timber. Clear-cutting as a silvicultural strategy was brought back into favor in the mid 1980's. As a result of the variety of silvicultural methods employed over the past 160 years, the working forest today is a mixture of age classes resulting from one to three previous harvests, with significant portions now containing younger even-aged forest stands.

Upon taking over as part of PALCO's bankruptcy settlement, as of July 31, 2008, HRC ceased clear-cutting as a forest management strategy and now strictly employs uneven-aged management techniques to restore species composition, add volume to residual trees, and regenerate stands. These include individual and group selection and variable retention.

Within the working forest, there are local conditions requiring protection and restricted access when the forests around them are actively managed. These include riparian or streamside forests that provide critical ecological functions for stream habitats, residual old-growth trees, nesting sites for owls, eagles, and falcons, and steep slopes prone to slumping and sediment input to streams. HRC makes provisions when managing around these sensitive areas.

HRC also owns lands that do not have timber value but are important ecologically and socially in the region. These special places are identified for a wide variety of values. These include water bodies of all sorts. Other unique places may be geologically formed, such as cliffs or caves, or vegetative complexes such as prairies and oak woodlands. There are also archaeological sites from Native Americans and early regional settlers. HRC protects these sites and manages around them to maintain their inherent values to regional ecology and history.

HRC makes known its legal (i.e., HRC's landownership) and customary use rights (e.g., cattle grazing, hunting and fishing, gathering, horseback riding) associated with the forest. A Land Security Officer maintains a secure area for the property conveyance book, deeds, lease agreements and information on rights-of-way. Native tribes do not have any claims on the HRC estate. Customary use rights are granted to employees and others with permission.

1.3.2 Land Outside the Scope of Certification

All of the HRC lands are included within the scope of the certificate.

1.4 Management Plan

The entirety of the HRC management plan has been posted on the company's web site.

1.4.1 Management Objectives

From HRC's forest management plan:

Our Purpose

At Humboldt Redwood Company our vision is to sustain the long-term ecological, social, and economic vitality of a large block of productive forestland by managing with high standards of environmental stewardship while operating a successful business.

Our vision of managing forestland with a high degree of environmental stewardship means that:

- The inventory of redwood, Douglas-fir, and other conifer trees on our property will continue to build over the next ten decades.
- The habitat conditions important to both land-based and aquatic-based species will be protected with implementation of the Habitat Conservation Plan and our uneven-aged forest management policy.
- Forest complexity and diversity will increase over time with implementation of harvest and silviculture policies that promote the development of complex forests that provide biological connectivity on the landscape.
- Harvesting, forest regeneration, and fire protection best management practices will be continually evaluated for opportunities for improvement.
- Forest management strategies will maintain, enhance, and/or restore forest resources.

Being a successful business means operating a company that:

- People will want to work for.
- Contributes to the community.
- Is known for producing quality products and keeping its word.
- Earns a return on the capital invested in the business over time.

Maintaining forestlands for long-term ecological, social, and economic vitality means:

- Monitoring the ecological, social, and economic conditions of our business and the communities we live in.
- Adjusting our business and forest operations practices according to the results from monitoring.
- Using sound science to inform our management decisions and to adapt our practices and policies in the future.

Our short-term and long-term actions to achieve our vision are to:

- Harvest less timber than we grow. We will monitor the growth of our inventory over time through our Forest Inventory Resource and Planning program.

- Continue to implement the Habitat Conservation Plan. Monitoring of HCP implementation and effectiveness is conducted by a third party monitor and through several in-house monitoring programs.
- Implement protections for old-growth trees, train staff, and monitor tree marking in harvest units to ensure protection policies are being followed.
- Convert even-aged forest stands to uneven-aged stands through careful and reasoned application of silviculture systems that do not include conventional clear-cuts. Changing stand conditions will be evaluated through our Forest Inventory Resource and Planning program.
- Conduct forest management operations that protect and if needed restore forest resources.
- Evaluate our harvesting, regeneration, and fire protection practices and programs as part of an on-going best management practices review.
- Achieve over time a complex forest landscape that provides diverse habitats and connectivity. Riparian and hillslope monitoring will inform our progress toward this objective.
- Provide properly functioning conditions for anadromous salmonids where suitable habitat exists on the landscape.
- Adapt our management continually based on internal monitoring and new science.
- Reach a timber inventory target that allows long-term sustainable yields that provide a good business return.
- Monitor our business with respect to the general economy, make prompt analyses when conditions change, and make necessary changes in a thoughtful and sensitive manner.
- Be an active participant in our local communities through community giving programs, local purchasing, and by providing good working conditions and fair wages.
- Operate with integrity.

Timber Management Objectives

HRC acquired this property on July 31, 2008 as a result of financial restructuring of The Pacific Lumber Company. Long-term objectives for HRCs timber management include:

- Bringing an uneven-age stand structure back to the forestlands that have been managed as even-aged.
- Restore tree species composition to pre-1850 conditions where stand composition has been altered.
- Build up conifer stocking across the property (annual harvests will be less than annual growth until inventory goals are achieved).
- Long-term sustainable log production.

Short-term objectives include:

- Improving the reliability of forest inventory tracking.
- Set up systems for monitoring inventory changes.
- Assess stands for Type 1 and Type 2 old-growth and train staff in implementing old-growth protections.

The components that make up the company's purpose outlined on page one* is explored in a separate section. These sections contain data tables, operational policies, and objectives.

*See excerpt on previous page of this report or page one of HRC management plan.

1.4.2 Forest Composition

Vegetation on HRC lands is primarily Coastal Redwood and Douglas-fir Mixed Conifer Forests. Areas that lie inland farther from the influence of the marine climate are

dominated by Douglas-fir and Hardwood-Mixed Evergreen Forest. Approximately 95% of the property is forested, with the remaining area covered by prairie, shrubs, and waterways. Conifer species include Coastal Redwood (*Sequoia sempervirens*), Douglas-fir (*Pseudotsuga menziesii*), grand fir (*Abies grandis*), and Western hemlock (*Tsuga heterophylla*). The hardwoods include primarily tanoak (*Lithocarpus densiflora*), Pacific Madrone (*Arbutus menziesii*), Red alder, (*Alnus rubra*), and Oregon white oak (*Quercus garryana*), while chinquapin (*Castanopsis chrysophylla*), Bigleaf Maple (*Acer macrophyllum*), and other oak species (*Quercus* spp.) are a lesser component.

1.4.3 Silvicultural Systems

According to its management plan, HRC practices uneven-aged silvicultural techniques, such as selection and variable retention systems that result in continuous forest cover and a mix of age classes (Figure 1.1). Harvest prescriptions are normally oriented towards sanitation and salvage activities designed to capture mortality, improve the health of timber stands, and restore native species compositions to pre-European settlement conditions. As the extent of mortality and inferior trees within a stand decreases from successive entries, the harvest orientations turn more towards spacing and concentration of growth on the best phenotypes of the desired species. Unless dictated by inordinate mortality, HRC's selection harvest entries are planned to occur on 10-20 year intervals within an individual stand of a given sustainability unit. Regeneration objectives are achieved through a combination of natural and artificial regeneration.

HRC's silvicultural policy is based on the following:

- Operate without traditional clear-cutting.
- All harvests will retain elements of the original stand such as snags, green trees, stand structure, and other features important for a variety of functions for biotic organisms.
- Uneven-aged management will be employed on well-stocked conifer stands (greater than 125 square feet conifer basal area).

Until the landscape plan is complete, HRC foresters will be using a General Decision Logic table (see Figure 1.2) to determine the most suitable silviculture for specific stands. This logic prescribes uneven-aged harvest, such as selection, to conifer stands with healthy stocking (greater than 125 square feet conifer basal area per acre). RMZs are targeted for high retention selection harvest to promote the growth of larger trees.

Variable retention (VR) is used on HRC land as an interim hardwood removal silviculture with a harvesting pattern designed to maintain the presence of structure for ecological functionality on the landscape. Variable retention harvesting leaves from 10% to 40% of the original stand in both rolling and permanent pockets of retained trees and crucial refugia. This 10% to 40% of the forest that is retained is composed of tanoaks, Douglas-fir and redwood, as well as other hardwood and conifer species specific to the site. This silviculture regime provides post-harvest ecological structure while creating sufficient opportunity to plant and naturally regenerate redwood and Douglas-fir, as well as restore historical conifer dominance to the forestland. The use of this silviculture is limited to poorly stocked, tanoak-dominated stands which need forest restoration. On HRC land, there is an estimated 3,000 to

4,000 acres of forestland in need of restoration on which VR will be applied. In 20 years, HRC expects to restore 1,000 acres of these stands back to conifer dominance.

Figure 1.1. *General guidelines for harvest prescriptions and retention levels on HRC lands.*

Quick Reference Guide to Generalized Retention Minimums for Conifers for Non-Constrained Stands		
Silviculture	Conifer Basal Area Retention (per acre)	Other
Selection	75	
(Alternate) Group Selection	60*	An alternate group selection is used where the harvest of hardwoods results in more than 20% of the stand in group clearings**
(Alternative) Transition	50	An alternative transition is used where the harvest of hardwoods results in more than 20% of the stand in group clearings**
Restoration Variable Retention	20	
(Alternative) Seed Tree Removal	15	An alternative seed tree removal is used when thinning operations occur in the regenerated stand; the area to which this is applied must meet the retention standards for commercial thinning activities, defined in the California Forest Practice Rules
Rehabilitation	5	

* The stand will average 75 square feet of conifer basal area per acre outside of group clearings. Group Selection is the preferred silviculture to promote conifer regeneration where needed.
 ** For the purposes of implementation of this plan, "group clearings" as stated in the California Forest Practice Rules are defined as areas of 0.25 to 2.5 acres where harvest results in stocking below the minimum stocking standards (14 CCR 912.7 (b)(2)). IF there are no operations in an area with less than the minimum stocking, the area is not considered a group clearing.

Figure 1.2. *HRC's decision matrix for selecting silvicultural methods.*

General Decision Logic for Selecting Silviculture Methods				
Conifer Stocking (basal area, sq. ft. per acre)	Hardwood Stocking (basal area, sq. ft. per acre)			Grand fir, Sitka spruce
	>60	20 – 60	<20	
>125	Selection, Group Selection, Alternative Group Selection			
105 - 125	Restoration VR			
50 - 105	(Variable Retention) (conifers must	(Alternative) Transition		
<50	be large) Rehabilitation	(Alternative) Seed Tree Removal	(conifers must be large)	

The trend in silviculture implementation will migrate stands toward a condition where they can continuously be managed under Selection and Group Selection methods. Each silviculture method has a 20-year re-entry interval.

1.4.4 Management Systems

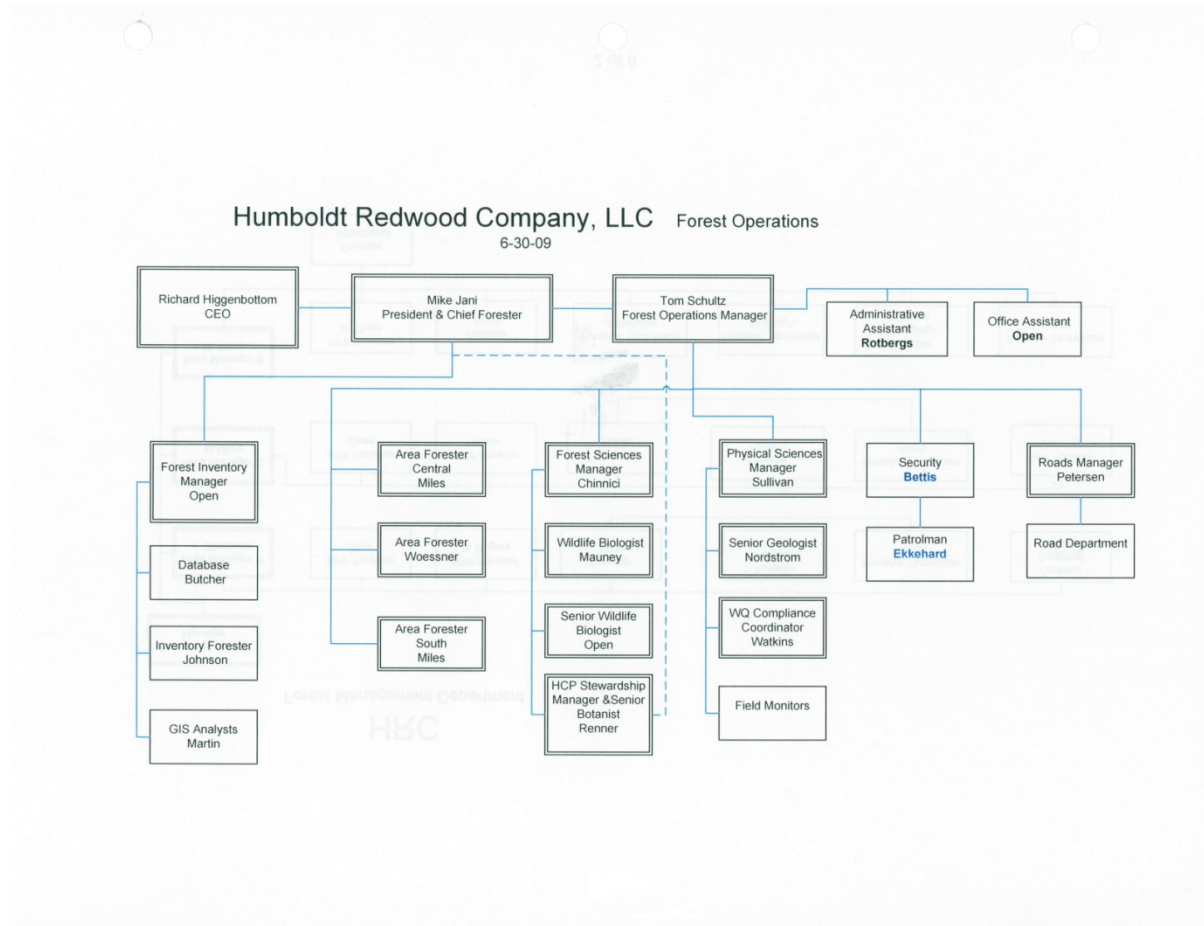
HRC lands are divided into 13 Sustainability Units (SUs), ranging from 5,000 to 24,000 acres in size, which are the primary resource management units for the property. SUs are organized by watershed, each with their own set of established management constraints based on geology, soils, species composition and volume, RTE species, and unique features. Data and statistics do not cross SU boundaries. Figure 1.3 provides a summary of forest volumes on HRC lands and the names of each SU.

Figure 1.3. Names of each SU and volumes of old-growth (OG), young growth (YG), and timber by species.

Sustainability Unit (SU)	OG Redwood in MMCAs	OG Redwood outside MMCAs	YG Redwood	Douglas Fir	White Woods	Hard-woods	Conifer Totals
1 - MAD		28	5,715	28,684	1,730	22,507	36,157
2 - FRESHWATER		25,421	375,183	128,773	18,262	9,847	547,639
3 - ELK	4,540	22,228	364,017	132,271	36,617	22,547	559,672
4 - STRONGS		790	90,713	3,621	4,095	2,384	99,219
5 - YAGER	55,889	15,756	225,592	86,655	26,850	14,903	410,743
6 - VAN DUZEN		11,723	322,672	100,407	26,307	13,273	461,109
7 - SHIVELY		14,078	266,466	26,436	3,970	7,528	310,950
8 - LARABEE		3,848	237,304	112,357	5,546	31,266	357,856
9 - EEL		6,843	258,709	142,250	10,705	30,388	418,506
10 - MCCANN		1,219	76,109	31,557	1,274	11,444	110,159
11 - BEAR		0	967	153,835	8,109	81,886	163,013
12 - MATTOLE		0	1,586	207,013	5,859	87,483	215,553
13 - LAWRENCE	47,956	6,706	92,246	71,238	8,323	12,998	226,469
ALL HRC LANDS	108,385	108,639	2,317,279	1,225,096	157,647	348,453	3,917,045

HRC has a hierarchical structure to its management team. The executive branch consists of three main individuals who oversee the entire organization, from financial to forest operations and monitoring. There are six departments under executive branch, including Forest Inventory, Forestry, Forest Sciences, Physical Sciences, Security, and Road Management. HRC has divided the 13 SUs geographically into three groups: north, central, and south. In the Forestry Department, two Area Foresters have been assigned to the groups. These Area Foresters oversee the integration of information and activities from the forest inventory, forest and physical sciences, security, and road management in the planning and implementation of Timber Harvest Plans (THPs). Each department is responsible for various activities, including data collection and monitoring related to forest inventory, wildlife, fisheries, botany, geology, riparian zones, sediment movement, controlled access, and road construction and repair. Each department also has temporary or seasonal positions throughout the year related to road maintenance, wildlife, reforestation, and monitoring activities. HRC contracts tree planting, herbicide application, and harvesting to independent companies. HRC Area Foresters and other staff review the work of seasonal employees and contractors.

Figure 1.4. *Organizational Chart of HRC.*



1.4.5 Monitoring System

HRC describes its monitoring system in the “Monitoring and Adaptive Management” section of its publically available management plan. This section covers aspects for harvest data, timber inventory, environmental and socioeconomic monitoring, and its adaptive management philosophy.

HRC maintains records of all timber harvest volumes. In its publically available management plan, HRC states its allowable annual harvest of timber and describes its timber inventorying system, which covers growth, regeneration, and other factors. HRC could strengthen its monitoring of non-timber sources of income in its management plan as described in minor CAR 2009.4.

HRC engages in many kinds of monitoring of flora and fauna as required in timber harvest plans and its Habitat Conservation Plan. HRC also engages in other kinds of environmental

monitoring, especially in relation to road maintenance, and hydrology and geomorphic processes, such as sediment transport.

HRC's socioeconomic monitoring includes internal evaluations of its own business. It uses accounting tools to track cash flows. Revenue sources include timber and non-timber sources, such as grazing leases. Expenses include logging costs, road upgrades, wages, taxes, wildlife and aquatics monitoring, and other forest management activities.

HRC tracks and monitors social and community inputs through use a report form, which is used during formal public presentations or when stakeholder input is received informally by company staff. The Stewardship Manager collects these report forms for data collection and analysis. As HRC has completed only one year of operations, it will begin summarizing social monitoring in 2010.

HRC states that "Adaptive management is the process of continually improving practices and policies through informed decision-making which makes use of monitoring and analysis of data and other new information..." HRC intends to create a feedback mechanism for its monitoring program through the use of such adaptive management. It hopes to accomplish this through analysis of monitoring data in order to make new management decisions to be incorporated into management planning documents.

1.4.6 Estimate of Maximum Sustainable Yield of Wood Products

Two inventories of the timberlands had been conducted by the previous owner in the past decade. In 2001-2002 Scotia Pacific Company, LLC contracted with consultants to implement a property-wide strata-based inventory that included new timber typing of all lands, supported by measurement of some 8,000 to 10,000 field inventory plots. This inventory was the basis for a statistically sound property-wide volume estimate, but was somewhat less useful for stand-level estimates necessary for timber harvest planning. To address this issue, a stand-based inventory designed to yield better volume estimates at the individual stand level was implemented from 2003 to 2006. In this inventory, approximately 875 specific stands were sampled and served as the basis for volume estimates for similar, un-sampled stands. This inventory yielded accurate volume estimates for individual stands, but was not considered statistically sound for property-wide inventory projections. To obtain property-wide volume estimates from this incomplete inventory, individual stands estimates were adjusted (multiplied by appropriate factors) so that the total volume matched the 2001-2002 inventory totals. The 2003-2006 stand-based inventory data with appropriate adjustments is used as the basis for current volume estimates for business and landscape planning. Current (as of 1/1/2009) timber inventory volume estimates by SU were previously shown in Figure 1.3.

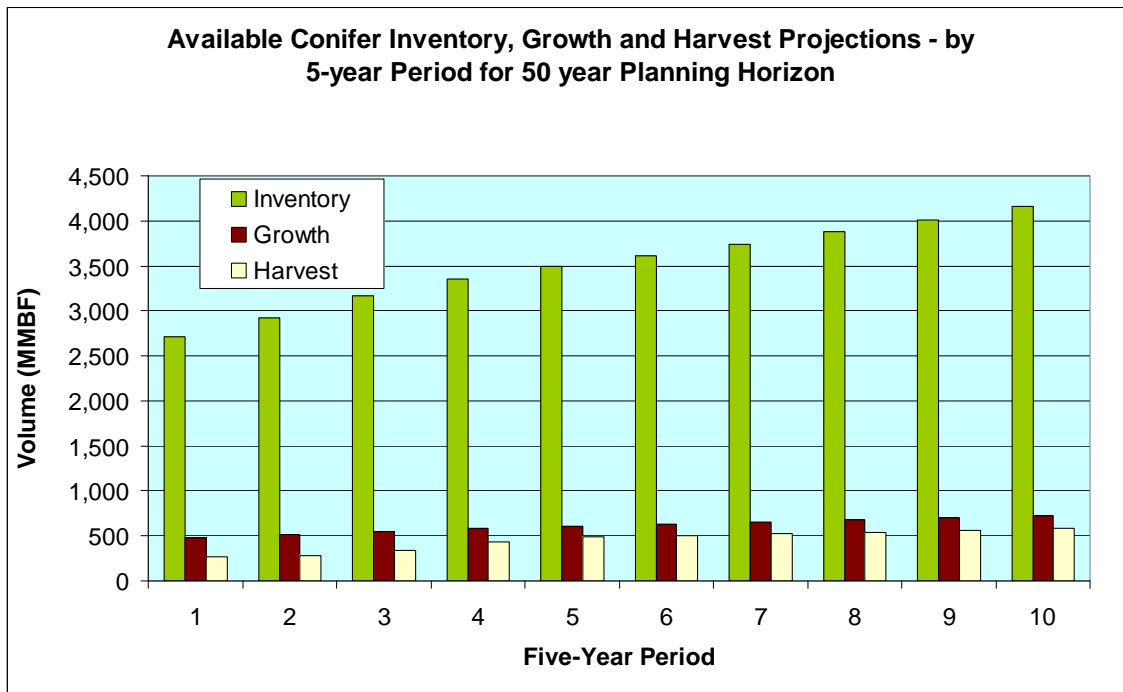
The allowable annual cut calculated under the existing inventory is 55 MMBF (million board feet, log scale) averaged over a ten year horizon, which is substantially less than the previous owner. This harvest level is less than the growth of the forest.

HRC has identified updating the forest inventory as a high priority and plans to assess the existing inventory data and re-inventory specific areas across the property as needed. See also CAR 2009.11.

1.4.7 Estimated, Current and Projected Timber Production

Estimated, current and projected production is based on the inventories described in Section 1.4.6. Growth and harvest rates are calculated at the SU level. Such projections are based only on areas of productive forest and do not include areas under various constraints in each watershed, such as RMZs and old-growth reserves. The harvest and growth rates are based on uneven-aged management regimes. Harvest levels are based on what each SU is capable of producing given current inventory data and growth rates of commercial timber species.

Figure 1.5. Current and projected inventory, growth, and harvest levels based on inventories conducted in 2001-2002 and 2003-2006.



1.4.8 Chemical Pesticide Use

HRC uses chemical herbicides allowed under FSC guidelines, including triclopyr, imazapyr, and glyphosate. HRC employs chemical herbicides to control hardwood competition with conifers, primarily tanoak, and to control exotic invasive herbaceous plants, including yellow star thistle and jubata grass. HRC does not employ insecticides. HRC has stated that it will follow Integrated Pest Management (IPM) guidelines to reduce its dependency on synthetic chemical herbicides. HRC could, however, develop a more robust chemical policy and tracking system. See CAR 2009.9 for more information.

2.0 GUIDELINES/STANDARDS EMPLOYED

The certification evaluation was conducted against the FSC Pacific Coast Regional Forest Stewardship Standard for the United States of America, version 9.0, approved May 5, 2005. The standard is available at the FSC-US web site (www.fscus.org) or is available, upon request, from Scientific Certification Systems (www.scscertified.com).

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

The audit team conducted the conformity assessment from August 3 through August 7, 2009.

Preliminary Evaluation:

Pursuant to FSC requirements, a preliminary evaluation was conducted from January 21-23, 2009. SCS/SW provided HRC with a pre-assessment report in February 2009.

See Appendix 1 of the Full Report for the Preliminary Evaluation Audit Report

Main Evaluation:

3.2 Assessment Team

Robert J. Hrubes, Ph.D. – Co-team leader, Scientific Certification Systems. Dr. Hrubes is a California registered professional forester (#2228) and forest economist with over 30 years of professional experience in both public and public forest management issues. He is the principal architect of the SCS Forest Conservation Program, accredited by the Forest Stewardship Council since 1995. He is presently Senior Vice-President of Scientific Certification Systems. Dr. Hrubes has served as lead auditor for a large number of SCS Forest Conservation Program certification evaluations of North American public forests, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Chile, Brazil, Papua New Guinea, Japan, Malaysia, Australia and New Zealand. Dr. Hrubes holds graduate degrees in forest economics, economics and resource systems management 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.

Mr. Foster Dickard, Co-Team Leader, SmartWood.

Foster is Senior Forester for the SmartWood US Region and is responsible for providing overall management and leadership for forest management certification portfolio, client recruitment and quality control for all forest management services including FSC forest management certification, SmartLogging certification and carbon services. Foster holds a bachelors degree in forestry and a graduate degree in Wildlife and Forestry extension education from Mississippi State University. Foster has over 30 years experience as a wildlife biologist and land management forester. Before coming to SmartWood, Foster was Region Wildlife Program Manager and Region Manager of Sustainability for International

Paper Company. Foster has been on numerous FSC forest management audits as team leader and member.

Stephen C. Grado, Ph.D. – Team member, SmartWood. Dr. Grado is a Society of American Foresters (SAF) Certified Forester/Forest Certification Auditor #1155 and Fellow, a Professor of Forestry, and the George L. Switzer Professor in the Department of Forestry at Mississippi State University. He received a Ph.D. in Forest Resources in 1992, a M.S. in Forest Resources and Operations Research in 1984, and a B.S. in Forest Science in 1979 at The Pennsylvania State University, State College, Pennsylvania. He also has a B.A. in Political Science from Villanova University near Philadelphia, Pennsylvania. Dr. Grado has served as a socio-economic assessor/auditor on 20 SmartWood pre-assessments and assessments, 3 USDA Forest Service Test Evaluations (one with SGS), and numerous annual field audits (one with SFI). In addition, he has served as an assessor/auditor for innumerable SmartWood chain-of-custody assessments/audits, and also served as a peer reviewer of FSC certification assessment reports.

Kyle Meister, M.F. – Team member, Scientific Certification Systems. Mr. Meister is a Certification Forester with Scientific Certification Systems. Recent audits include the Mendocino Redwood Company's Resource Manager Program, Michigan DNR, Trout Mountain Forestry, Collins-Lakeview, Swanton Pacific Ranch, Minnesota Wood Education Project, St. John's Abbey, and Main International, S.A. He holds a B.S. in Natural Resource Ecology and Management and a B.A. in Spanish from the University of Michigan. He also has a Master of Forestry degree from the Yale School of Forestry and Environmental Studies. He has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, and Colombia.

Mr. Mike Liquori – Hydrologist and Team member, Scientific Certification Systems

Mike has lead or supported the development of sustainable forestry practices for several private forests, including large integrated forestry corporations, large multi-ownership Timber Investment Management Organizations, small family-owned forests, and several large state and federal forests. He was a key scientific adviser during the Forests & Fish planning process in Washington State, and was active in its adaptive management program. Mike developed and/or implemented Watershed Analysis projects in Washington, Idaho and Colorado and helped design Watershed Analysis methods. He developed several long-term management plans, including several Landscape Management and Habitat Conservation Plans. He is currently active on the 50,000-acre Jackson Demonstration State Forest Advisory Board in northwestern California. He is also a member of an independent scientific peer review board for the Quincy Library Group project, the largest community forestry project in the United States. He recently supported the California Board of Forestry in its review of rule revisions for Threatened and Impaired Watersheds, and is actively developing Explicit Riparian Design methods to improve ecological functions in actively managed riparian areas. Mike has participated in 4 sustainable forestry audits for both SFI and FSC certification bodies.

3.3 Assessment Process

The Humboldt Redwood Company (HRC or FME) is pursuing FSC certification for the lands that they manage in Humboldt County, California. HRC is a privately held company registered California.

A pre-assessment of the FME was jointly carried out by the SmartWood Program of the Rainforest Alliance and Scientific Certification Systems (SCS) to determine the readiness of the HRC to successfully demonstrate that its management of their Humboldt County forested properties meets requirements of the SmartWood and SCS programs and the FSC certification standards. This pre-assessment was carried out on January 21-23, 2009 using the Forest Stewardship Council (FSC) *Pacific Coast Regional Forest Stewardship Standard for the United States of America, version 9.0*. The audit team focused on identifying HRC's weaknesses relative to this standard at the criterion level. Results of the pre-assessment indicated that, given some additional preparation by the FME, as noted in the pre-assessment report, they would be prepared for a full assessment. The full assessment was held from August 3, 2009 through August 7, 2009.

Prior to the full assessment site visit, audit team members contacted HRC staff to obtain further documents and stakeholder information relating to forest planning and management activities. Based on information received on planning management activities, the team selected a number of sites for possible visits and evaluation to cover the full range of management activities on the forest. Emphasis was placed on selecting sites from different forest types, management unit size, operations performed by different contractors, active operations, and time since an operation was completed. A final determination of sites to visit was made at the first meeting with the FME. Sites were chosen from those selected by the team based on time available and logistical considerations. Site visits were also used to interview contractors, volunteers, and NGOs in the field and others involved in harvesting or management operations on the forest (e.g., FME field personnel). Each site visit was used to evaluate on-the-ground conformance to FSC standards and also to evaluate conformance with goals and performance standards called forth in the FME's draft forest management plan and related documents. The nursery which supplies seedlings to HRC was also visited by the team.

In addition to field visits, interviews were conducted with FME personnel in their office in Scotia, California during the week of the visit. On August 5, 2009 a stakeholder meeting was held in Fortuna, California and used to gather further opinions and other information. The socio-economic auditor and other team members held interviews with local, regional, and State stakeholders and contacted others by telephone and letters during the visit and up to three weeks after the team left Scotia, California.

Table 3.1. *List of management aspects reviewed by assessment team:*

Type of site	Sites visited	Type of site	Sites Visited
Road construction	4	Illegal settlement	0

Soil drainage	3	Bridges/stream crossing	10
Workshop	0	Chemical storage	0
Tree nursery	1	Wetland	0
Planned Harvest site	2	Steep slope/erosion	4
Ongoing Harvest site	5	Riparian zone	6
Completed logging	3	Planting	2
Soil scarification	0	Direct seeding	0
Planting site	2	Weed control	2
Felling by harvester	2	Natural regeneration	10
Felling by forest worker	3	Endangered species	1
Skidding/Forwarding	5	Wildlife management	4
Clear-felling/Clear-cut	0	Nature Reserve	2
Shelterwood management	0	Key Biotope	0
Selective felling	5	Special management area	3
Sanitation cutting	0	Historical site	2
Pre-commercial thinning	0	Recreational site	2
Commercial thinning	5	Buffer zone	3
Logging camp	0	Local community	0
Cattle grazing	3	Mill site	2

3.3.1 Itinerary

The on-site component of the full evaluation encompassed roughly three field days and two days for conducting stakeholder consultation, document review, auditor deliberations, and delivery of the initial conclusion of the audit, total of 20 auditor days.

Table 3.2. *HRC full assessment schedule.*

Date	Location /main sites	Main activities
Sunday, August 2 6:00 PM	Scotia Inn, Scotia, CA	Auditor planning meeting
Monday, August 3 8:00AM – 2:00PM	Forest Operations Conference Room, Scotia, CA	Opening meeting: <ul style="list-style-type: none"> • introductions • overview of the FSC and of the certification process • role/purpose of pre-assessment • review of property maps • review of audit itinerary and identification of field itinerary
Monday, August 3 2:00PM – 5:00PM	Humboldt Redwood Company forest properties; Elk/Freshwater River Watersheds	Field assessment, THPs and various field sites, FME personnel and other interviews
Tuesday, August	Humboldt Redwood	Field assessment, THPs and

4 8:00AM – 5:00PM	Company forest properties; Mattole/Bear River Watersheds	various field sites, FME personnel and other interviews
Wednesday, August 5, 8:00AM – 4:00PM	Humboldt Redwood Company forest properties; Elk/Freshwater River Watersheds; Nursery; HRC Mill, Scotia, CA; Forest Operations Conference Room, Scotia, CA	Field assessment, THPs and various field sites, mill inspection, FME personnel and other interviews
Wednesday, August 5, 6:30PM – 9:00 PM	Holiday Inn Express, Fortuna, CA	Public Stakeholder meeting
Thursday, August 6 8:00 AM to 1:00 PM	Humboldt Redwood Company forest properties; Mad/Freshwater/Bear/Larabee River Watersheds; HRC Mill, Scotia, CA; Forest Operations Conference Room, Scotia, CA	Field assessment, THPs and various field sites, mill inspection, FME personnel and other interviews
Thursday, August 6, 2:00 PM – 5:00 PM	Forest Operations Conference Room, Scotia, CA	FME personnel and other interviews, Auditor deliberations and preparation for the exit meeting
Friday, August 7, 8:00AM – 12:00PM	Forest Operations Conference Room, Scotia, CA	Auditor deliberations and preparation for the exit meeting
Friday, August 7, 12:45 PM – 2:00 PM	Forest Operations Conference Room, Scotia, CA	Exit meeting: <ul style="list-style-type: none"> • tentative findings • next steps in the process

See the Table 3.3 in Section 3.3.4 for a summary of site visits and notes from each auditor.

3.3.2 Evaluation of Management System

The audit team used several methods to evaluate HRC’s management program, including verification of RMZ boundaries in the field, visits to active and recently completed THPs, document review in HRC offices, and interviews with HRC staff and third party stakeholders.

The audit team also announced and held a stakeholder meeting with community members to gather information on their concerns about HRC’s forest management activities. HRC staff were allowed to be present during the first portion of the meeting and made brief introductions. During the second half, the audit team listened to stakeholder concerns in absence of HRC staff and/or representatives.

Prior to the field week, one of the audit team members (Dr. Grado) engaged in extensive stakeholder consultation via email and telephone.

The audit team also included a consulting hydrologist with lead responsibility to review HRC’s watershed management program and monitoring. Senior audit team members accompanied the hydrologist on visits to road maintenance sites, road decommissions, riparian management zones, and watershed monitoring stations (flumes). The hydrologist also reviewed watershed management monitoring documents with HRC physical science staff.

3.3.3 Selection of FMU’s to Evaluate

HRC’s forestlands are considered to be one FMU, however, it is organized in what is calls “sustainability units” or SUs. Each SU is organized at the watershed level and comes with its own set of special management attributes and constraints. The auditors visited 7 of 13 SUs, with much attention focused on the Elk and Freshwater SUs due to an important stakeholder issue related to flooding and sediment.

3.3.4 Sites Visited

The audit team visited the sites in the table that follows based on several factors including the need to cover a broad spectrum of HRC’s management throughout its forestlands, wildlife management, watershed analysis, and levels of stakeholder engagement.

Table 3.3. *Site visits and notes for HRC full assessment.*

District	Area	Auditors	Type of site / short description of site
NA	Main Office Building, Scotia, CA	Hrubes, Foster, Grado, Meister, Liquori	Opening session, review of pre-assessment, work accomplished since pre-assessment, devise assessment strategy.
Freshwater Sustainability Unit	Little Freshwater II THP	Hrubes, Foster, Grado, Meister, Liquori	THP, volunteer workers boring Coastal redwood, HRC road crew activity.
Freshwater Sustainability Unit	Little Main Unit 7	Hrubes, Foster, Grado, Meister, Liquori	Cable corridors, water bars, logging crew activity.
Elk River Sustainability Unit	Elk River, Brown Bridge THP	Hrubes, Foster, Grado, Meister, Liquori	THP, screen trees for old-growth, reuse of old skidder trails, Bible Camp, Boy Scout Camp.
Mattole River Sustainability Unit	Mattole watershed	Hrubes, Foster, Grado, Meister, Liquori	Watercourse restoration project in collaboration with NGOs and agencies, earth flow discussion, grazing issues.
Bear River Sustainability	THP	Hrubes, Foster, Grado, Meister,	THP, understocked unit, frill treatments on hardwoods, logging

Unit		Liquori	activity.
Elk River Sustainability Unit	Elk River (all day), Metal Bridge	Dickard, Meister, Liquori	Watershed inspection, bridge work.
Elk River Sustainability Unit	Tom's Gulch culvert and crossing	Dickard, Meister, Liquori	Stream clean-up and abatement work. Road storm proofing measures; implementation and effectiveness.
Elk River Sustainability Unit	Cloud 9 THP	Dickard, Meister, Liquori	THP, school forest, forest road stream crossings, road closing and stabilization work, harvesting practices and impacts.
Elk River Sustainability Unit	North Fork Bridge	Dickard, Meister, Liquori	Bridge work, water quality protection measures.
Elk River Sustainability Unit	Top Lake THP	Dickard, Meister, Liquori	Overstocked Douglas-fir and Coastal Redwood.
Elk River Sustainability Unit	North Fork MMCA	Dickard, Meister, Liquori	Special site for marbled murrelet conservation area (MMCA).
Elk River Sustainability Unit	Class 3 stream, road decommission	Dickard, Meister, Liquori	Stream and road inspections.
Elk River Sustainability Unit	Elk River watershed	Dickard, Meister, Liquori	Monitoring sites.
Scotia, CA	HRC mill scale	Dickard, Meister, Liquori	Inspection of mill site.
Mad River Sustainability Unit	Mad River Sustainability Unit near Airport THP	Hrubes, Dickard, Meister	Overlook, discussion of management objectives for the Unit.
Mad River Sustainability Unit	Oregon white oak/ prairie HCVF near Moores THP	Hrubes, Dickard, Meister	HCVF area, cattle grazing.
Mad River Sustainability Unit	THP near the crew house/frill treatments	Hrubes, Dickard, Meister	THP, cattle grazing.
Freshwater Sustainability Unit	Upper McCreedy THP	Hrubes, Dickard	Road crossing, storm proofing, and new culvert as part of a road segment upgrade.

Freshwater Sustainability Unit	Freshwater Sustainability Unit	Dickard, Meister	Class 2 stream crossing.
Freshwater Sustainability Unit	Freshwater Sustainability Unit	Dickard, Meister	Mid-incline THP, yarding selection operation.
Bear River Sustainability Unit	THP	Grado, Liquori	Cable logging, inspection of residual trees.
Bear River Sustainability Unit	Bear Creek	Grado, Liquori	Logjam on stream, erosion of road, adjoining Humboldt Redwoods State park
Unnamed Unit	Archaeological site	Grado, Liquori	Archaeological site discussion and inspection of protective measures to be taken by HRC and tribal representatives.
Larabee Sustainability Unit	Northern spotted owl protection area	Grado, Liquori	Northern spotted owl protection area.
NA	Scotia Mill Area	Grado, Liquori	Inspection of seasonal bridge over the Elk River leading to mill site, discussion of mill residues from the forest.
NA	Main Office Building, Scotia, CA	Hrubes, Foster, Grado, Meister, Liquori	Closing session, review of assessment including tentative CARs and OBSs.

3.3.5 Stakeholder Consultation

The purposes of the stakeholder consultation strategy for this assessment were threefold:

- 1) To ensure that the public is aware of and informed about the assessment process and its objectives;
- 2) To assist the field assessment team in identifying potential issues of concern; and
- 3) To provide diverse opportunities for the public to discuss and act upon the findings of the assessment.

This process involved stakeholder notification and, wherever possible, was used to obtain detailed and meaningful stakeholder interaction. The process of stakeholder interaction continued during the report-writing phase of the process. SCS/SW welcomed, at any time, comments on HRC operations invaluable for the assessment. In addition, such comments often provide a basis for specific aspects related to potential future audits of HRC.

On June 2, 2009, SCS/SW sent out the initial 30-day notification alerting stakeholders to the impending assessment to take place in the first week of August and confirming a

stakeholder meeting as well during the week. The former sent the notification to approximately 250 stakeholders on its “Stakeholder Lists for all USA Forest Management Operations” and the latter to 400 individuals and organizations in its Northern California stakeholder list. On July 27, 2009, immediately prior to the actual assessment process, a detailed public notification document was developed by SW and SCS and distributed by e-mail to the same stakeholders. These e-mail notices alerted stakeholders to the pending assessment visit and detailed the public stakeholder consultation meeting to take place during the week. The public stakeholder meeting was titled the “Public Meeting for FSC Assessment of Humboldt Redwood Company” and was held on August 5, 2009 at the Holiday Inn Express in Fortuna, Humboldt County, California. A total of 15 individuals attended the stakeholder meeting, which lasted from 6:30 to 9:30PM.

HRC sent the public notification to approximately 75 employees and staff during May 2009 and then again at the end of July 2009. On July 27, 2009, HRC also mailed the public notification on the assessment to approximately 100 stakeholders from its internal list. HRC also provided its internal stakeholder list to SW and SCS. The HRC list, updated since the January 2009 pre-assessment, provided a basis for the assessment team to select individuals and groups for interviews (in person, by telephone, or through e-mail and mail). Additional stakeholders were also identified during the on-site assessment, with many of them also contacted by the assessment team afterward.

During the week of August 3-7, 2009 the assessment team came in contact with HRC management and staff members during the assessment meetings and field visits. The team also interviewed individuals representing a variety of interests and organizations, including environmental NGO’s, community members, and contractors. Stakeholder consultation was used to supplement information relative to HRC’s performance. It was also used as an effective means to identify difficult or controversial forest stewardship issues and gain an understanding of how stakeholders believed issues should be resolved. Again, stakeholder consultation occurred prior to, during, and after the on-site assessment visit. The table below details the contacts made during both the pre-assessment and assessment process.

Table 3.4 *Stakeholder consultation summary.*

Stakeholder Type^a (NGO, government bodies, local inhabitant, contractor, etc.)	Stakeholders Notified (#)	Stakeholders consulted directly or provided input (#)
HRC Management and Staff	25	25
Adjoining Landowners	7	7
Consulting Foresters	4	4
County Official	1	1
Federal Agencies	3	3
FSC-US	2	2
Journalists	2	2
Lessees (one former)	2	2
Local/Regional NGOs	9	9
Logging Contractors	5	5
MRC Employees	3	3

Native Tribe or Representatives	3	3
Private Citizens	1	1
Ranchers	1	1
Retired from Forest Industry	5	5
State Agencies	9	9
Tree Sitters	3	3
University Academics	3	3

^a Note: Number of stakeholders contacted, as listed in the table above, are slightly greater than those listed in Appendix 2, since some stakeholders identified themselves in more than one category.

3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team, Where Applicable

The stakeholder consultation activities were organized to give participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria. The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments.

Table 3.5. Stakeholder comments and audit team response.

FSC Principle	Stakeholder comments	SCS/SW response
P1: FSC Commitment and Legal Compliance	All governmental employees contacted confirmed that HRC does good job following the California Forest Practices Act regulations and that their THPs and HCPs are well done according to specifications.	No response needed.
	Stakeholders (e.g., adjoining landowners, tribes, NGOs, tree sitters) confirmed that HRC has sought and received their input to their management activities (e.g., old-growth activities) through engagement processes whereby they must follow regulations set forth under the CA FPA (e.g., public comment on THPs). It was also stated that HRC also holds meetings open to associations, organizations, and individuals on a number of topics (e.g., forest management procedures and data related to a watershed). Of note, was their confirmation that the President and Chief Forester is available to them on a continual	No response needed.

	basis and most willing to discuss and share information on any issue (e.g., tribal interests on HRC forestlands, adjoining landowner concerns).	
P2: Tenure & Use Rights & Responsibilities	<p>Interviews with stakeholders confirmed that HRC has consulted with a number of stakeholder groups when planning and implementing forest management activities. Examples include the Archeologist for the Bear River Band of the Rohnerville Rancheria (BRBRR), other tribal entities (e.g., InterTribal Sinkyone Wilderness Council), the Mattole Restoration Council, agency stakeholders through the THP process, a number of tree sitters, adjoining landowners (to discuss access and impacts), and area ranchers.</p> <p>Employee interviews and stakeholder contacts confirmed that HRC has resolved many issues through dialogue with neighboring landowners (e.g., border trees, boundaries, access issues). Issues were often handled by the Foresters. If an issue remained unresolved, it went to the Area Forester and then to the Forest Operations Manager.</p>	<p>No response needed.</p> <p>No response needed.</p>
P3 – Indigenous Peoples’ Rights	All tribal members and tribal representatives confirmed that HRC is in communication with them. In addition, projects of mutual concern and benefit are underway or are being planned or discussed.	No response needed.
P4: Community Relations & Workers’ Rights	All employees interviewed were pleased with HRC. They felt that the organization is fair in terms of pay scale, benefits, and attempting to work with them when issues of	No response needed.

	<p>a personal nature arise.</p> <p>All employees interviewed indicated that specialized training deemed necessary for their job performance is available, subject to their request and approval.</p> <p>Interviews with a number of logging contractors found them expressing general satisfaction with HRC, and felt that the Company was doing a good job in terms of providing job opportunities despite the economic slowdown.</p> <p>Interviews with each logging contractor verified the process for contractors to address issues of concern or disputes. The chain of contact goes from the Forester, to the Area Forester, to the Forest Operations Manager.</p> <p>Interviews with a diverse number of stakeholders confirmed that HRC engages a number of individuals and groups affected by management operations (e.g., tree sitters, adjoining landowners) who are apprised of proposed forest activities (e.g., logging) and associated environmental and aesthetic effects to solicit their comments or concerns.</p> <p>Comments by stakeholders recognized that in most watersheds, and, in cases where HRC has dealt with their concerns about old-growth forests, HRC has achieved considerable success in conflict resolution through a re-examination of their policies and interactions with stakeholders.</p>	<p>No response needed.</p> <p>No response needed.</p> <p>No response needed.</p> <p>No response needed.</p> <p>HRC is making efforts to evaluate and manage the social and physical aspects of these issues based on the best available science and input from affected residents and the appropriate hydrological resource agencies and regulators. Relative to old-growth, they have made great</p>
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	<p>HRC and their staff, inherited a complicated and controversial challenge with some landowners in the Elk/Freshwater River watersheds associated with flooding of personal property, largely attributed to past and present forest management practices and policies. There is great deal of dissatisfaction being expressed among stakeholders in this area.</p> <p>A former lessee from an organization expressed dismay on how their lease was terminated. However, in a conversation with a current lessee revealed that HRC has treated them especially well, going so far as to provide equipment, access, and cooperation on joint projects to maintain a positive relationship</p>	<p>strides.</p> <p>During the assessment, and through further stakeholder outreach after the team’s visit, it was noted that the Elk/Freshwater River watersheds will require continued time and effort on the part of the HRC staff as they continue to implement their conflict resolution policies to effectively manage social and physical aspects of the Elk/Freshwater River watershed issue. OBS 2009.5.</p> <p>Given some admitted lapses on the part of the former lessee relative to the property and its dwellings and HRC’s right to terminate a lease (all of which were inherited), these circumstances led the team to question HRC’s actions. This was further reinforced by explanations for the lease termination given to the social assessor by HRC and the extraordinary efforts being taken with another lessee.</p>
P5: Benefits from the Forest	<p>Stakeholder comments received through the stakeholder meeting and telephone interviewed expressed an appreciation of HRC for its presence in the County and its contribution to the economy and employment.</p>	<p>No response needed.</p>
P6: Environmental Impact	<p>State review team and agency personnel that were contacted consistently stated that HRC does an excellent job assessing environmental impacts through their Habitat Conservation Plan, watershed analyses, road analyses and Timber Harvest Plans.</p> <p>HRC’s old-growth policy and their</p>	<p>No response needed</p> <p>HRC needs to continue working</p>

	<p>activities in the forest were favorably viewed by stakeholders.</p> <p>Some stakeholders, such as residents in the Elk River drainage, are concerned that timber harvesting in the watershed conducted previously under PALCO and now under HRC, is resulting in adverse cumulative impacts and a heightened risk of downstream mass sediment movement and flooding.</p> <p>All stakeholders (e.g., environmentalists, agency personnel) made positive note of the cessation of clear-cutting under the new HRC management regime.</p> <p>Likewise, virtually all stakeholders with whom the audit team interacted expressed a positive reaction to the HRC old-growth policy, particularly the decision to</p>	<p>with stakeholder groups to continually build upon their early successes relative to old-growth issues.</p> <p>The audit team spent considerable time in the Elk River watershed examining past and current timber harvesting operations on the subject forest estate. The audit team also consulted with state agency personnel (e.g., North Coast RWQCB staff) about potential adverse cumulative impacts of timber harvest in the watershed. On the basis of information gathered, we conclude that the substantially modified harvesting practices under HRC will materially reduce the risk of adverse cumulative impacts. The audit team expects that HRC personnel will continue to affirmatively pursue active dialogue with Elk River residents for the purpose of further allaying their concerns.</p> <p>No response needed.</p> <p>No response needed</p>
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	no longer harvest individual old-growth trees in “Type III old-growth.”	
P7: Management Plan	No comments were received during the audit	
P8: Monitoring & Assessment	NCRWQCB staff expressed positive views about HRC’s road monitoring program	No response needed
P9: Maintenance of High Conservation Value Forest	<p>Stakeholders contacted generally affirmed the positive nature of their dealings with HRC and its old-growth polices and on-the-ground implementation. HRC has had extensive interaction with stakeholders (e.g., regulatory agency personnel, environmental activists) on the classification and management of old-growth forests, which are one prominent type of “high conservation value forest.”</p> <p>Consultation with regard to non-old-growth HCVFs (e.g., tanoak, meadows/grasslands) has not been undertaken at a comparable level to old-growth and, at present, does not constitute adequate conformity with the consultative requirements of the standard.</p>	<p>No response needed.</p> <p>HRC will need to develop a consultation process that provides opportunities for stakeholders outside of the regulatory framework to offer input on the identification HCVFs relevant to North Coast Redwood forestland and locations within the HRC ownership that may possess such values. Opportunities for stakeholder input on appropriate management prescriptions for areas possessing HCVFs and, where appropriate given the nature of the HCVFs, need to be coordinated with other eco-region managers of HCVFs. CAR 2009.16.</p>
P10 - Plantations	Not applicable. HRC does not use plantation management.	

3.3.6 Other Assessment Techniques

The public meeting is not a required technique for FSC audits; as such, we consider it to be a

special assessment technique that was employed for this project.

3.4 Total Time Spent on audit

In excess of 30 auditor days was spent on the full evaluation, including time spent on preparatory work, review of documents and records, interviews with stakeholders, carrying out field work, post-field interactions with the client for the purpose gathering additional information, and writing the report.

3.5 Process of Determining Conformance

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

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations

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

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

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be

changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

4.0 RESULTS OF THE EVALUATION

Table 4.1 on the next page, contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (car) numbers related to each principle.

Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/REC #s
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> ▪ HRC possesses an intimate knowledge of state and federal laws and regulations. ▪ HRC provides public access to information required by law, and in some cases volunteers information it is not required to share with outside stakeholders. ▪ HRC has compiled a list of applicable international agreements and how each one is pertinent to management of the HRC forest estate. ▪ HRC documents its forest management strategies in key planning documents such as the Option A and the HCP. 	<ul style="list-style-type: none"> ▪ HRC does not have a written statement of commitment to the FSC P&C. ▪ HRC does not have an established policy on actions to take should irreconcilable situations between laws and FSC P&C arise. ▪ Staff assignment changes could weaken security efforts. 	<ul style="list-style-type: none"> ▪ CAR 2009.1, OBS 2009.1, and OBS 2009.2
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> ▪ HRC possesses deeds, titles, and other related documentation to conclusively prove ownership of the forest estate for which certification is being sought. ▪ HRC actively consults with outside stakeholder groups and individuals when planning and implementing forest management activities. ▪ HRC engages in exemplary efforts to resolve disputes through dialogue with neighboring landowners and other stakeholders. 	<ul style="list-style-type: none"> ▪ The audit team uncovered some cases where volunteers were working on HRC lands without any accounting for liability issues. ▪ HRC lacks a formal policy on bringing disputes to the attention of the certification bodies. 	<ul style="list-style-type: none"> ▪ CAR 2009.2 and OBS 2009.3

P3: Indigenous Peoples' Rights	<p>HRC has formalized its relations with tribes and tribal representatives, forging working relationships that are above the norm for this type of association. This includes frequent communications, collaboration on joint projects, joint planning in the forest, and access to the HRC property for various activities.</p>	<ul style="list-style-type: none"> ▪ NONE 	<ul style="list-style-type: none"> ▪ NONE
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> ▪ HRC employees participate in regional public education related to forestry, botany, wildlife, and watershed management. ▪ HRC has designed and implemented a comprehensive safety policy. ▪ HRC has established and is actively pursuing dispute resolution processes that compare favorably with industrial norms ▪ HRC apprises many groups of its management activities. 	<ul style="list-style-type: none"> ▪ The audit team noted several interpretations of the hardhat policy. ▪ HRC has a challenging and controversial situation with landowners in the Elk and Freshwater watersheds associated with the flooding of personal property. ▪ HRC does not formally document and address all stakeholder interactions. 	<ul style="list-style-type: none"> ▪ CAR 2009.3, OBS 2009.4, and OBS 2009.5

<p>P5: Benefits from the Forest</p>	<ul style="list-style-type: none"> ▪ HRC ownership has shown a willingness to infuse the business with enough capital to support long-term forest management. ▪ HRC actively seeks to provide contracting and milling opportunities for both large and small scale entities ▪ HRC’s uneven-aged management leads to a range of residual age and diameter classes. 	<ul style="list-style-type: none"> ▪ HRC does not formally treat all non-timber income generating activities in the forest management plan. ▪ Logging contractors could use more training in implementing selection harvest systems. ▪ HRC management has not researched and documented that utilization and marketing of common, lesser-used species are not financially feasible, rather than merely relying upon prior experiences at MRC. 	<ul style="list-style-type: none"> ▪ CAR 2009.4, OBS 2009.6, and OBS 2009.7
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<p>P6: Environmental Impact</p>	<ul style="list-style-type: none"> ▪ HRC conducts a number of environmental impact assessments prior to conducting management activities, such as the cumulative impacts assessment of the THP process. ▪ HRC integrates Watershed Analysis into its planning, operational, monitoring and adaptive management processes and continuously responds to the information obtained from these assessments. ▪ HRC transparency in making results of environmental analyses available on its web site clearly exceeds norms for the Pacific Coast region. ▪ HRC's science and forestry staff works cooperatively to identify and protect RTE species. ▪ HRC's implementation of uneven-aged management is compatible with disturbance regimes typical for coastal temperate forests of the Pacific Coast. ▪ HRC's old-growth policy is well defined, auditable, and creates an incentive to avoid incidental harvest of old-growth. ▪ HRC retains uncommon tree species and screen trees to protect snags. ▪ HRC has done extensive watershed analysis and geologists have identified landslide-prone areas. ▪ HRC is placing emphasis on cultural control of invasive species and continues to explore options. 	<ul style="list-style-type: none"> ▪ HRC's emphasis on commercial conifer species may or may not be ecologically suitable for all sites. ▪ HRC has no informal mechanisms for detecting and evaluating declines in soil fertility. ▪ HRC's RSA assessment methodology is not completely clear. ▪ HRC has not formally updated the conditions of its grazing leases. ▪ HRC has not fully elaborated a strategy to control invasive species and pests while monitoring the effects of chemical control. ▪ Auditors noted inconsistency with HRC's monitoring of contractors' implementation of fluid spill containment procedures. ▪ Loggers may require more training in the move from even-aged to selection systems. ▪ HRC could improve its use of slash as a tool to reduce adverse impacts on soil during harvest operations. ▪ HRC could improve its treatment and monitoring of Douglas-fir release during its transition to uneven-aged management. ▪ HRC could identify soils that are sensitive even while harvesting during dry periods. 	<ul style="list-style-type: none"> ▪ CAR 2009.5, CAR 2009.6, CAR 2009.7, CAR 2009.8, CAR 2009.9, CAR 2009.10, OBS 2009.7, OBS 2009.8, OBS 2009.9, OBS 2009.10, OBS 2009.11, OBS 2009.12, OBS 2009.13, and OBS 2009.14
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P6: Environmental Impact (cont.)		<ul style="list-style-type: none"> ▪ HRC could explore non-chemical alternatives to frilling and chemical control of hardwood competitors. ▪ HRC could improve its strategy to prevent and control invasive exotic plants. ▪ HRC could improve stream protection/restoration methods at road decommissioning sites 	
P7: Management Plan	<ul style="list-style-type: none"> ▪ HRC describes plans to protect RTE plant and animal species. ▪ HRC describes archeological and geologically sensitive features. ▪ HRC meets with contractors and staff to review important aspects of implementation of the management plan prior to the commencement of activities. ▪ The HCP provides a level of long term planning for RTE species that substantially exceeds landowners that do not have an HCP 	<ul style="list-style-type: none"> ▪ HRC's overarching management plan is incomplete. ▪ HRC lacks a public summary of its management plan. ▪ As the management plan is updated, HRC staff will require more training as it related to implementation. 	<ul style="list-style-type: none"> ▪ Major CAR 2009.1, Major CAR 2009.2, OBS 2009.15

<p>P8: Monitoring & Assessment</p>	<ul style="list-style-type: none"> ▪ HRC conducts numerous monitoring activities, including sediment movement and RTE species' maintenance and recovery efforts. ▪ HRC watershed monitoring far exceeds industrial norms for the Pacific Coast Region ▪ HRC has a highly robust forest-road monitoring system. ▪ HRC monitors roads for drainage effectiveness and the degree roads are hydrologically disconnected from streams. ▪ HRC is actively engaged in a number of scientific studies and data collection efforts related to its aquatic management strategy. 	<ul style="list-style-type: none"> ▪ HRC lacks a public summary of its monitoring program. ▪ HRC's DCS lack procedures to include its certificate code and FSC claim on sales documentation. ▪ HRC has not updated its forest inventory program. ▪ HRC does not record the yield of many NTFPs and economic benefits associated with non-timber income. ▪ HRC does not formally monitor its social impact. ▪ HRC staff must undergo training in CoC stump-to-gate procedures and documentation. ▪ HRC's DCS does not address outsourcing in the scope of its CoC certificate. ▪ HRC's DCS does not state its intentions for use of FSC and/or certification body's trademarks. 	<ul style="list-style-type: none"> ▪ Major CAR 2009.2, Major CAR 2009.3, CAR 2009.11, CAR 2009.12, CAR 2009.13, CAR 2009.14, CAR 2009.15, OBS 2009.16, OBS 2009.17, and OBS 2009.18
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<p>P9: Maintenance of High Conservation Value Forest</p>	<ul style="list-style-type: none"> ▪ HRC has conducted an analysis of HCVPs and RSAs with the input and expertise of its staff, federal and state agencies, universities, and local environmental stakeholders. ▪ HRC has identified HCV attributes and has detailed management options to maintain and/or enhance them. ▪ HRC decision to harvest no trees meeting the definition of “old-growth” plus the decision to cease use of even-aged timber management both substantially reduce the risks that high conservation values are being threatened by management activities 	<ul style="list-style-type: none"> ▪ HRC does not have a public summary of its measures to maintain and /or enhance high conservation values. ▪ Consultation related to the assessment of non-old-growth HCVPs has not been very strong. 	<ul style="list-style-type: none"> ▪ Major CAR 2009.2 and CAR 2009.16
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4.2 Major Corrective Action Requests (formerly, “Pre-Conditions”)

A major corrective action request (Major CAR) is issued when a systemic or significant non-conformity is detected during the conformity assessment. As an example, a finding of non-conformity across the breadth of a FSC Criterion mandates the issuance of a Major CAR. Major CARs must be cleared prior to award of certification.

The following Major CARS were issued as a result of the certification evaluation of HRC. As is documented, below, each of the Major CARs have now been closed due to the fact that HRC submitted evidence of corrective actions, subsequent to the field audit but prior to finalization of this report, that warranted the Major CARs being closed.

Non-conformance: HRC’s “master” forest-management plan is, at present, incomplete (e.g., it does not properly incorporate and/or reference other documents that are a part of the compendium of planning documents; not all key staff have had input to the forest-management plan’s content; landscape-level considerations are not adequately addressed).	
Major CAR 2009.1	<ol style="list-style-type: none"> 1. HRC must establish management objectives that are achievable, measurable, and adaptive in the short- and long-term in accordance with sub-criterion 7.1.a. 2. HRC shall make reference to other documents that are integral components of the forest-management plan. 3. HRC shall ensure that its personnel have the opportunity to review and offer input on sections of the forest-management plan related to each staff member’s field of responsibility. 4. HRC shall explicitly address and state how they will account for harvested non-timber forest products (NTFPs) and land uses (e.g., grazing, bough collection, communication sites) in the forest-management plan. 5. While protecting confidentiality of information, HRC shall identify its legal status and detail legal rights or claims that it holds over neighbouring properties, as well as those that other parties hold on HRC property. 6. HRC shall describe and state how they will implement landscape-level management considerations within the ownership and near adjacent properties. 7. HRC shall design a forest inventory program that includes attributes to be measured and/or monitored and indicate the frequency of updates. See also CAR 2009.11.
Deadline	Prior to award of certification.
Reference	FSC Criterion 7.1, sub-criterion 7.1.e, and Regional Indicators 7.1.a.1, 7.1.b.1, 7.1.b.4, 7.1.b.6, 7.1.d.1
HRC Response (conveyed on September 8, 2009)	Please review the September draft of the forest-management plan; we specifically added and/or clarified content to respond to #s 1, 2, and 4-7 above. Regarding #3 above, these people provided significant input to the forest-management plan and reviewed drafts throughout its development:

	<p>Mike Jani (President and Chief Forester), Tom Schultz (Forest Operations Manager), Sal Chinnici (Forest Sciences Manager), Kate Sullivan (Physical Sciences Manager), Eric Johnson (Inventory Forester), Mike Miles (Area Manager, Central and South), Jon Woessner (Area Manager, North), Rich Bettis (Security Manager), and Maralyn Renner (Stewardship Manager); the following people also reviewed the forest-management plan and/or provided input for specific sections: Brad Mauney (Wildlife Biologist), Tagg Nordstrom (Geologist), Josh Monson (Accountant), Debbie Barcelos (Human Resources), Roger Petersen (Roads Manager), Ric Kunes (Forester, knowledgeable about archaeology sites and primary contact with local Tribes), Gary Ogden (Logging Forester), Russ Owsley (Safety Manager), Shauna Rotbergs (Administrative Assistant), and Jason Butcher (Database Manager). All HRC staff has had access to the “current draft” of the forest-management plan on the HRC Intranet since June 2009. Sarah Billig (Stewardship Director) at MRC also wrote the first draft of the Management Plan section that addresses Principle 9, assisted with analysis of Representative Samples (Criterion 6.4), and reviewed drafts of the forest-management plan at various stages.</p>
<p>Audit Team Comment on HRC’s Response</p>	<ol style="list-style-type: none"> 1. As now augmented, HRC’s forest-management plan includes sections both on its purpose as a company and on the timber management objectives. Both sections describe short- and long-term objectives that are achievable, measurable, and adaptable over time. 2. HRC either includes or references the Habitat Conservation Plan, Option A, GIS and remote sensing data, Forest Vegetation Typing Manual, previous timber inventories, current forest inventory program, Timber Harvest Plans, growth and harvest modelling software programs, California Forest Practice Rules, chemical applications records, guidance document on pest control, THP Checklist, streambed alteration agreement, asbestos airborne toxic control measures, California Environmental Quality Act requirements, OSHA records, the HRC Web site, log specifications, grazing Lease, maps, guidance on soil compaction and fertility, treaties and regulations, employee sign-in/out procedures, and several monitoring forms. 3. Using a random number generator, the auditors selected five HRC employees at random from the list of management plan reviewers and were able to interview four of them. These interviewees confirmed that they had the opportunity to have input related to their field of expertise, knowledge of the landscape, and HRC. 4. HRC added a section entitled, “Non-timber Products” on page 64 of the plan. This section deals with hunting, grazing leases, communications sites, and plans for contracts for the removal of small volumes of non-timber forest products, such as branches and leaves for Christmas wreaths. 5. HRC is a limited liability corporation. In the “About Humboldt Redwood Company,” subsection “Our Lands Today,” HRC states

	<p>6. HRC has added a section called “Landscape Planning Refinements” to its landscape-level planning process. It has identified the forest inventory and implemented the use of a new forest-growth model, FORSEE, as essential to refining this process. HRC also will continue mapping of old-growth stands and further develop the constraint layers in the GIS in the future. The landscape level plan is scheduled for revision every 5 years. In regard to HRC lands adjacent to public and private properties and roads, HRC states that “These areas of community concern are evaluated in THP layout and operations planning by the foresters and are managed with special sensitivity to the impacts any silvicultural activities may have on the viewsheds and aesthetic quality for adjacent neighbors.” Other landscape-level considerations are described in the HCVF and Representative Sample Area (RSA) analyses, including other known reserve areas in the region.</p> <p>7. HRC describes its forest resource inventory program in Appendix A of the plan. It includes descriptions of attributes to be measured/monitored, including some data sheets to be used. The frequency of updates to the forest inventory varies. For example, the GIS layer will be updated annually with the harvests that have occurred. All trees in the inventory database will be grown one year forward with FORSEE. Old field plots will be retired from the data base annually. More plots will be added to specific strata as the number of plots becomes depleted. Aerial photos and orthophotos will be purchased every 3-5 years for vegetation typing. Permanent plots will be re-measured every 5 years.</p> <p>On the basis of the content of the HRC forest management plan, augmented in response to this Major CAR and conveyed to the audit team after the August field audit but prior to finalization of this report, the audit team concludes that closure of this Major CAR is now warranted.</p>
Status of Major CAR:	This CAR is closed.

Non-conformance: HRC lacks complete public summaries for its forest management plan, monitoring program, and measures that ensure the maintenance and/or enhancement of High Conservation Value Forests (HCVFs).	
Major CAR 2009.2	While respecting the confidentiality of information, HRC must prepare public summaries of its forest management plan and monitoring program, including elements listed under Criteria 7.1 and 8.2. HRC must also describe, in a publicly available document, measures taken to ensure the maintenance and/or enhancement of conservation attributes identified in its HCVF analyses.
Deadline	Prior to award of certification.
Reference	FSC Criterion 7.4 (no Regional Indicators exist in the PC Regional Standard); Criterion 8.5, Regional Indicator 8.5.a; Criterion 9.3.
HRC response (conveyed on September 8, 2009)	The entire draft forest management plan will be posted on the Web (hrcllc.com) no later than 14 September 2009.
Audit Team Comment on HRC's Response	The audit team verified on September 29, 2009 that the HRC forest management plan was publically available on its Web site, which goes beyond the public summary required by the FSC Criterion 7.4. HRC describes its monitoring activities (C8.5) in the "Monitoring and Adaptive Management" section of this publically available plan while protecting the confidentiality of its information. HRC describes various types of monitoring activities, including how it tracks trends in business, social, and environmental concerns, Habitat Conservation Plan implementation, and forest inventory (i.e., yield, growth, regeneration, condition of forest). Measures to maintain and/or enhance HCVFs are included in the publically available plan (C9.3). HRC describes its HCVFs and the stakeholders consulted in the process in its forest management plan, which is open for public comment.
Status of Major CAR:	This CAR is closed.

Non-conformance: HRC's chain-of-custody <i>documented control system</i> (DCS) does not have procedures to include the FME's FSC certificate registration code and FSC claim (FSC Pure) on all sales, shipping, and all other documentation for sales of FSC-certified products.	
Major CAR 2009.3	HRC shall have procedures to include the FME's FSC certificate registration code and FSC claim (FSC Pure) on all sales, shipping, and all other documentation for sales of FSC-certified products and, thereafter, implement such procedures.
Deadline	Prior to award of certification.
Reference	FSC Pacific Coast Regional Forest Stewardship Standard for the USA, v. 9.0; CoC 1.3.c., CoC 2.3, CoC 3.1
HRC response (conveyed on September 8, 2009)	HRC redesigned its trip ticket in response to the CAR. The trip ticket includes the FSC certificate code from both certification bodies and will be used to track all loads from the forest to the mill, thereafter FSC chain-of-custody procedures for the mill take precedent.

Audit Team Comment on HRC's Response	The updated trip ticket and response satisfies this Major CAR, thus warranting its closure.
Status of Major CAR:	This CAR is closed.

5.0 CERTIFICATION DECISION

5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the Humboldt Redwood Company, LLC (HRC) be awarded FSC certification as a “Well-Managed Forest” subject to the Corrective Action Requests stated in Section 5.2. HRC has demonstrated that their system of management is capable of ensuring that all of the requirements of the FSC Pacific Coast Regional Forest Stewardship Standard for the United States of America, version 9.0, as approved on May 5, 2005, are met over the forest area covered by the scope of the evaluation. HRC has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

5.2 Initial Corrective Action Requests

Non-conformance: HRC has not provided a written statement of commitment to the FSC P&C in its management plan or another official document.	
CAR 2009.1	HRC shall provide a written statement of commitment to manage its forest estate in accordance with the FSC P&C, endorsed by senior management and placed in the publicly available summary of the forest management plan or in another suitable document.
Deadline	Ninety days after award of certification.
Reference	FSC Criterion 1.6, Regional Indicator 1.6.a.
HRC Response	This will be incorporated into the Management Plan and the “About Us” documents on the web site (hrcllc.com) no later than 90 days after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: In general, HRC allows customary and lawful uses of the forest to the extent that they are consistent with conservation of the forest resources, the objectives of forest management, and whereby such uses do not present a legal liability. According to HRC policy, individuals, groups, or businesses may gain access to the forest through legal contracts, permits or leases. However, there were some cases where individuals were working voluntarily on HRC's forest holdings without a proper and available legal arrangement to reduce exposure of legal liability.	
CAR 2009.2	HRC shall develop and implement a process whereby volunteers can engage in stewardship activities on HRC lands without presenting a legal liability.

Deadline	First annual audit
Reference	FSC Criterion 2, Regional Indicator 2.2.b.
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: HRC engages a number of individuals and groups affected by management operations and who are apprised of proposed forest activities (e.g., timber harvesting) and associated environmental and aesthetic effects to solicit their comments or concerns. However, such interactions are not formally documented and addressed in management plans and operations. As such, there is inadequate evidence of how HRC assesses social impacts and how such impacts are considered in the course of managing the forest estate.

CAR 2009.3	HRC shall develop and implement a process whereby there is clear evidence that socio-economic interactions, considerations, and impacts are duly assessed, recorded, and incorporated into management planning and operations.
Deadline	First annual audit
Reference	FSC Criterion 4.4; Regional Indicator 4.4.b.
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: HRC engages in or allows the utilization of non-timber products on its land holdings, including grazing, the installation of communication sites, and the harvesting of tree branches and other plant parts for ornamental products. These activities and their associated impacts are not fully considered in the management plan.

CAR 2009.4	HRC shall fortify the treatment of non-timber-income-generating activities in the management plan to ensure that they are carried out in a way that is consistent with the management plan and with conservation of the forest resource.
Deadline	First annual audit
Reference	FSC Criterion 5.2, Regional Indicator 5.2.d.
HRC Response	This has been partially addressed in the September draft of the Management Plan, and will be fully corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: HRC managers, citing past management experience under its sister company, MRC, have stated that a major focus of forest management is on the production of Coastal redwood (*Sequoia sempervirens*) lumber. Thus, HRC is encouraging the inter-planting of Coastal redwood on Douglas-fir (*Pseudotsuga menziesii*) dominated sites where Coastal redwood may or may not be ecologically suitable or may have not occurred in recent ecological

history (~150 years). There are instances where efforts to establish redwood on Douglas-fir dominated sites could be considered a type conversion.	
CAR 2009.5	HRC shall develop a risk-assessment tool to ensure that the introduction of Coastal redwood onto sites where it does not currently occur is ecologically appropriate.
Deadline	First annual audit
Reference	FSC Criterion 6.3, Regional Indicator 6.3.b.1
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: Other than anecdotal observations in the field during and after management activities, HRC has no formal mechanisms for detecting and evaluating declines in soil fertility.	
CAR 2009.6	HRC shall: (a) develop a monitoring strategy to detect changes in soil fertility, (b) define acceptable thresholds of change in soil fertility based on a review of scientific literature, and (c) develop, as needed, potential courses of action to be taken to mitigate the loss of soil fertility and to rehabilitate affected sites.
Deadline	First annual audit
Reference	FSC Criterion 6.3, Regional Indicator 6.3.c.1
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted
Status of CAR:	Open

Non-conformance: HRC has employed many of the required consultative processes conducted under the California Forest Practice Rules, the federal Endangered Species Act, and other regulatory mandates to complete its assessment of representative sample ecosystems (representative sample areas- RSAs- in HRC terminology). HRC's botanist has also relied on her extensive knowledge of nearby natural areas to designate RSAs and differentiate them from HCVPs. However, the methods and analyses employed in HRC's RSA assessment remain unclear.	
CAR 2009.7	HRC shall document the process and analyses that were employed in designating the current representative sample areas (RSAs) on the HRC forest estate. HRC must also develop and convey to the certification bodies a written summary of how the processes employed to date meet the requirements set forth in FSC Criterion 6.4. If gaps exist between FSC requirements and HRC procedures for establishing RSAs, HRC must develop and implement actions aimed at eliminating the gaps.
Deadline	First annual audit
Reference	FSC Criterion 6.4, Regional Indicator 6.4.a.
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: There have been instances of cattle trespass into aquatic habitats on HRC lands. HRC has changed its grazing policy and detailed some of these changes in the management prescriptions for prairies, but has not formally updated the conditions of its grazing leases, including how lease terms will minimize adverse environmental impacts.	
CAR 2009.8	HRC must document the changes to its grazing lease and ensure that the description of its grazing policy is complete. The revised grazing lease must include provisions for avoiding/minimizing adverse environmental impacts, such as to riparian vegetation and aquatic resources.
Deadline	First annual audit
Reference	FSC Criterion 6.5, Regional Indicator 6.5.t.
HRC Response	This has been fully addressed in the September draft of the Management Plan.
Auditor Comment	HRC addresses grazing in the management of Oregon white oak stands and generally in its “Non-Timber Products” section of the management plan. HRC’s grazing policy includes provisions for limitations on the number of animals, rotation of animals to different pastures, winter grazing and supplemental feed restrictions, fencing and gates, water trough and salt lick locations, and watercourse protection. In addition to the update of its grazing policy in the management plan, HRC has prepared a generic grazing lease that demonstrates the inclusion of these provisions, as well as the general terms of the lease.
Status of CAR:	This CAR is closed.

Non-conformance: HRC does not maintain its own records of herbicide use in a manner that would enable the company to monitor effects and impacts of chemical control of plants over the long-term. HRC has not fully developed a strategy for the control of pests and non-native, invasive plants in its management plan. HRC does not prepare written prescriptions that fully describe the risks and benefits of the use of chemicals.	
CAR 2009.9	HRC shall develop a record keeping and monitoring protocol aimed at adaptively improving and modifying its chemical use with the objective of lowering dependency on chemical control measures. HRC shall develop a written strategy for the control of pests and non-native, invasive plants. HRC shall develop site-specific written prescriptions for herbicide applications.
Deadline	First annual audit
Reference	FSC Criterion 6.6, Regional Indicators 6.6.e, 6.6.f, and 6.6.g.
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: Auditors observed several, small hydraulic-fluid spills left from recent harvests. Contractors either did not follow, or did not complete, containment and cleanup measures as mandated by federal and state law and HRC’s own guidance booklet,	
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“Environmental, Health and Safety Practices for Contractors.”	
CAR 2009.10	HRC shall ensure that its staff and contractors implement appropriate spill containment and cleanup procedures for all chemical spills in a timely manner consistent with federal and state regulations as well as company policy.
Deadline	First annual audit
Reference	FSC Criterion 6.7, Regional Indicator 6.7.b.
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: In its present state, HRC’s forest-inventory data cannot provide accurate volume estimations at the stand level. HRC has not defined the frequency of updates to its forest inventory and what attributes (e.g., ecological indicators, canopy dominance) it will include in its forest inventory system.	
CAR 2009.11	HRC shall develop and make substantial progress in implementing a forest-inventory program that details inventorying methods to be employed, defines attributes to be measured or monitored, and describes the frequency of inventory updates. Also see Major CAR 2009.1.
Deadline	First annual audit
Reference	FSC Criterion 8.2, Regional Indicators 8.1.b and 8.2.b.1.
HRC Response	This has been fully addressed in the September draft of the Management Plan, which includes HRC’s complete Forest Resource Inventory Program as Appendix A (the August draft Appendix A was just a portion of the full Inventory Program).
Auditor Comment	In our judgment, this CAR has not yet been fully addressed. While we take positive note of the inclusion, in the Management Plan, of a fuller description of the inventory program, objective evidence of progress made in implementing the program is still lacking (e.g., commitment of additional budgeted funds for inventory work, completed initial measurement or re-measurement of some of the inventory plots)
Status of CAR:	Open

Non-conformance: HRC derives a small portion of its income from non-timber-forest products (NTFPs) and intends to increase its current offering of NTFPs. HRC does not record the yield of many NTFPs.	
CAR 2009.12	HRC shall record and monitor the yield of all harvested NTFPs. All NTFPs /services must be incorporated into the management plan and in the public summary of monitoring results.
Deadline	First annual audit
Reference	FSC Criterion 8.2, Regional Indicator 8.2.a.2
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: HRC is a stable and significant contributor to local communities through employment and purchasing of goods and services within the regional economy. However, HRC has not monitored and performed an assessment on the extent of its social impact in this regard. HRC does not have a formal system to monitor public responses to its management activities.	
CAR 2009.13	HRC shall implement a monitoring process and periodic social impact analyses regarding its forest operations relative to local communities and the North Coast regional economy, specifically referring to the: a) generation or maintenance of local jobs and public responses to management activities, and b) influence of forest management on the viability of forest-based livelihoods (e.g., mill jobs, other supporting businesses) in local communities.
Deadline	First annual audit
Reference	FSC Criterion 8.2, Regional Indicators 8.2.d.3 and 8.2.d.4
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: Through lowering the allowable annual cut significantly, eliminating even-aged management, and putting much of the land in permanently protected status, HRC provides many ecosystem services. HRC does not fully take into account the economic benefits of non-timber-forest products and services.	
CAR 2009.14	HRC shall conduct an assessment of the economic benefits of non-timber forest products and services and identify ways in which some such goods and services might generate income for the company and the regional economy.
Deadline	First annual audit
Reference	FSC Criterion 8.2, Regional Indicator 8.2.e.2
HRC Response	This will be corrected within the first year after award of certification.
Auditor Comment	Duly noted.
Status of CAR:	Open

Non-conformance: HRC possesses a Chain-of-Custody (CoC) stump-to-gate procedure, but its staff lack training in CoC procedures. The procedure also does not mention that CoC documentation (e.g., records of FSC-certified log sales/transfers) must be maintained for at least 5 years.	
CAR 2009.15	HRC shall ensure that all relevant field personnel have received proper stump-to-gate CoC training. HRC shall ensure that its CoC procedure contains all relevant documentation required for transferring FSC-certified product to an FSC CoC certificate holder.
Deadline	Prior to the first sale of certified timber originating from HRC's forest holdings.
Reference	FSC Criterion 8.3 (the Pacific Coast Standard contains no Regional

	Indicators for this Criterion)
HRC Response	Please refer to HRC’s Operating Procedures for Maintaining Chain of Custody for Forest Stewardship Council (FSC) Certified Forest Products Delivered From Humboldt Redwood Company Forestlands (HRC-FO-OP 001 Rev1 with training). This controlled document states that CoC records will be maintained for at least 5 years. Furthermore, this document contains evidence that HRC staff completed training in CoC procedures by 15 September 2009.
Auditor Comment	The document “HRC-FO-OP 001 Rev1 with training” contains procedures to ensure the proper, documented transfer of FSC-certified product to an FSC CoC certificate holder. This same document supplies evidence that training has been completed for all pertinent HRC staff and contractors (e.g., logging and trucking contractors).
Status of CAR:	This CAR is closed.

Non-conformance: HRC has had extensive interaction with stakeholders (e.g., regulatory agency personnel, environmental activists) on the classification and management of old-growth forests, which are one prominent type of “high conservation value forest” as established in FSC Principle 9. However, consultation with regard to non-old-growth HCVPs (e.g., tanoak) has not been at a comparable level and, at present, does not constitute adequate conformity with the consultative requirements found in Principle 9.	
CAR 2009.16	HRC shall develop a consultation process that provides opportunities for stakeholders outside of the regulatory framework to offer input on the identification of high conservation values relevant to North Coast redwood forestland and locations within the HRC ownership that may possess such values. HRC must also provide opportunities for stakeholder input on appropriate management prescriptions for areas possessing high conservation values and, where appropriate given the nature of the conservation values, coordinate management efforts with other managers of HCVPs within the eco-region.
Deadline	First annual audit
Reference	FSC Criterion 9.2, Regional Indicator 9.2.a; Criterion 9.3, Regional Indicator 9.3.c
HRC response	This will be corrected within the first year after award of certification.
Auditor comment	Duly noted.
Status of CAR:	Open

Observations (OBS)

Background/Justification: HRC’s management plans for its forest estate are designed to be in compliance with FSC P&C. The assessment team found no circumstances in which HRC is in a position of conflict between laws, regulations, and FSC P&C. However, there may be circumstances where an irreconcilable situation may arise.	
OBS 2009.1	It would be beneficial if HRC wrote and implemented a policy stating that, in the rare event there is an irreconcilable situation among laws, regulations,

	and FSC P&C, HRC will bring to this to the attention of the FSC or its certification bodies for consultation.
Reference	FSC Indicator 1.4.a

Background/Justification: HRC implements a number of measures to prevent illegal and unauthorized activities in the forest. These include posting boundary notices, using gates, making periodic inspections, using surveillance equipment, reporting suspected illegal or unauthorized activities to the proper authorities, working with local timber buyers, and utilizing state and federal agency resources.

OBS 2009.2	Two staff members charged with security issues on HRC forestlands do an exceptional job. However, due to the senior status of the lead employee and the use of a forester who is relatively inexperienced in security issues to replace former security personnel, HRC should consider developing a strategy that will ensure the experience, capability, and institutional memory in these positions are maintained.
Reference	FSC Indicator 1.5.a.

Background/Justification: HRC indicated that there were no issues of significance regarding disputes over tenure and use rights to the certifying body.

OBS 2009.3	HRC should write and implement a policy to bring significant disputes over tenure and use rights to the attention of their certification bodies for consultation.
Reference	FSC Indicator 2.3.b.

Background/Justification: The auditing team noted different interpretations of the hardhat policy among HRC personnel. At least one vehicle was not equipped with a radio, although personnel were within cell phone range.

OBS 2009.4	HRC should be more consistent in the application of its safety policies.
Reference	FSC Indicator 4.2.a.

Background/Justification: HRC and their staff, inherited a complicated and controversial challenge with some of the landowners in Elk/Freshwater watersheds associated with flooding of personal property that is being largely attributed to past and present forest-management practices and policies. HRC is making efforts to evaluate and manage the social and physical aspects to this issue based on the best available science and input from affected residents and the appropriate hydrological resource agencies and regulators. It was recognized that in other watersheds, and in cases where they have dealt with stakeholders concerned about old-growth forests in relation to watersheds, they have achieved some success in conflict resolution through their interactions and a re-examination of their policies. However, during the assessment, and through further stakeholder outreach after the team’s visit, it was noted that the Elk river watershed will require continued time and effort to bring to a resolution as there is great deal of dissatisfaction among stakeholders in this area.

OBS 2009.5	HRC staff should continue to implement their conflict-resolution policies to effectively manage the social and physical aspects of the Elk/Freshwater river watershed issue.
Reference	FSC Criterion 4.5

Background/Justification: HRC has stated that the major focus of its management will be on Coastal redwood and Douglas-fir products. Although it has worked to diversify the product offerings between these two species, HRC is disinclined to work with lesser-used species due to previous attempts to market them under MRC.	
OBS 2009.6	HRC should ensure that their conclusions determined on common, but lesser-used species under MRC management are valid for HRC considering the geography and the capabilities of local mills of Humboldt County.
Reference	FSC Indicator 5.2.b.

Background/Justification: Auditors observed yarder corridors wider than usual for typical selection harvesting systems and damage to residual trees in both yarder and ground-based operations.	
OBS 2009.7	Loggers contracted by HRC could benefit from more training and experience in harvesting practices typical to selection systems to better minimize damage to residual stands.
Reference	FSC Indicators 5.3.b and 6.5.b.

Background/Justification: HRC conducts harvest operations during the dry season and covers skid trails with slash upon completion of operations, as opposed to using logging slash concurrent with harvesting to mitigate soil compaction	
OBS 2009.8	HRC could reduce the potential for compaction impacts on skid trails by placing slash on the skid trail to create a slash bed before equipment moves onto such surfaces. This type of BMP is common throughout the region.
Reference	FSC Indicator 6.3.c.3

Background/Justification: HRC retains live trees and understory vegetation consistent with purposes for regeneration or restoration. HRC foresters have noted that beyond certain ages and crown vigor, Douglas-fir has a difficult time responding to release treatments. This may result in a preference for the removal of Douglas-fir in selection treatments.	
OBS 2009.9	HRC should be mindful of retention and type conversion issues addressed in CAR 2009.5 regarding Douglas-fir.
Reference	FSC Indicator 6.3.e.4

Background/Justification: Although logging occurs in the dry season when most soils are least sensitive to compaction, erosion, and sediment transport, there are areas where soils are sensitive enough during the dry season to warrant concerns over soil integrity.	
OBS 2009.10	HRC should identify soils sensitive to compaction and erosion, even during the dry season, and develop and implement management practices to reduce and mitigate damage to these areas during harvesting operations.
Reference	FSC Indicators 6.5.a and 6.5.e.

Background/Justification: Although HRC's decommissioning practices are at least as good as (and often better than) others in the industry, there remain opportunities to improve practices for creek restoration in areas where roads that cross streams are decommissioned.	
OBS 2009.11	HRC scientists and managers should refine the road decommissioning and

	stream restoration processes used to close watercourse crossings by considering the results and observations of recent decommissioning projects and the latest scientific literature.
Reference	FSC Indicators 6.5.l.

Background/Justification: The auditors' inspection concluded that the average width of all watercourse and lake protection zones (WLPZs) exceeds the requirements of the FSC US Pacific Coast Standard, Version 9.0. However, HRC's policies, as written, could conflict with the Standard in the instance of a placement of a variable retention (VR) or group selection opening adjacent to a WLPZ whose size has been reduced as a result of watershed analysis. Under the current Standard, HRC would be in non-conformance were it to place a VR or group selection opening immediately adjacent to such a WLPZ.	
OBS 2009.12	HRC should evaluate its written policy on stream buffers to consider the requirements of the FSC Pacific Coast Standard, v. 9.0.
Reference	FSC Indicators 6.5.p, 6.5.q, and 6.5.r.

Background/Justification: Chemical use on the HRC forest estate remains a regularly employed management tool. While the Pacific Coast Standard does not mandate the elimination of chemical use as a forest management tool, the Standard does expect that managers of certified forests affirmatively pursue non-chemical alternatives and to also seek to minimize chemical use as much as possible.	
OBS 2009.13	To reduce its dependency on herbicides, HRC should continue to explore alternatives to frilling in its control of tanoak.
Reference	FSC Indicator 6.6.b.

Background/Justification: HRC's invasive exotic plant policy mostly covers two species, jubata grass and yellow star thistle. HRC has determined that chemical control of either is cost prohibitive and thus relies on the shading effects of selection silviculture to reduce their impacts on growing forests. There may be other exotic, invasive plants that could become problematic under selection silviculture.	
OBS 2009.14	HRC should develop a more comprehensive and cohesive plan for the prevention and control of invasive exotic plants.
Reference	FSC Indicator 6.9.b.

Background/Justification: HRC staff regularly engages in safety and internal training meetings to review new and existing policies and new information relevant to the implementation of management policies. However, as the management plan is not yet complete, the staff only receives training on completed portions related to their daily occupation.	
OBS 2009.15	Upon completion of the management plan, HRC staff should receive the necessary training to ensure its implementation.
Reference	FSC Criterion 7.3

Background/Justification: FME will not outsource handling or processing of FSC-certified material to subcontractors prior to delivery at the forest gate. However, FME's Documented Control System (DCS) documentation does not address outsourcing in its Scope Definition of its CoC Certificate.	
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OBS 2009.16	FME's DCS documentation needs to address outsourcing in its Scope Definition of its CoC Certificate.
Reference	FSC <i>Scope, CoC 4.1</i>

Background/Justification: FME does not intend to use certification body trademarks for promotion or product labeling prior to delivery at the forest gate. However, FME's DCS does not state its intentions for use of FSC and/or certification body trademarks for promotion or product labeling prior to delivery at the forest gate in its Scope Definition of its CoC Certificate.

OBS 2009.17	FME's DCS needs to state describe its intentions for use of FSC and/or certification body trademarks for promotion or product labeling prior to delivery at the forest gate in its Scope Definition of its CoC Certificate.
Reference	FSC <i>Scope, CoC 1.3</i>

Background/Justification: All of the FME's staff involved in the CoC implementation are familiar with procedures since current procedures will be very similar to the procedures to be used once FSC-certified wood is being delivered. However, annual, documented training in CoC procedures will promote awareness and ensure that COC procedures among the staff and contractors are in compliance.

OBS 2009.18	FME could implement and document annual training in CoC procedures to promote awareness and ensure that COC procedures among the staff and contractors are in compliance.
Reference	FSC <i>Scope, CoC 1.2</i>

6.0 SURVEILLANCE EVALUATIONS

If certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of HRC to the FSC Pacific Coast Regional Forest Stewardship Standard for the United States of America, version 9.0, as approved on May 5, 2005. Public summaries of surveillance evaluations will be posted separately on the SCS website (www.scs-certified.com).

7.0 SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES

The following is a summary of the SCS Complaint and Appeal Investigation Procedures, the full versions of the procedures are available from SCS upon request. The SCS Complaint and Appeal Investigation Procedures are designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (CoC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)).

The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An “**appeal**” is a request by a certificate holder or a certification applicant for formal reconsideration of any adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against any adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant
- Clearly identify the basis of the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant or appellant, rectify the matter.

Written complaints and appeals should be submitted to²:

Dr. Robert J. Hrubes
Senior Vice-President
Scientific Certification Systems
2200 Powell Street, Suite 725
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint or appeal will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.

² As Dr. Hrubes served as the lead auditor for this certification evaluation, he will recuse himself from his normal responsibilities pursuant to the SCS dispute resolution protocols. In the event that a complaint or appeal is lodged relative to this certification evaluation, the investigation will be undertaken by another duly qualified individual free of direct involvement in this evaluation.