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

Humboldt Redwood Company, LLC
Mendocino Redwood Company, LLC

Northern California, USA

SCS-FM/COC-00120N

P.O. Box 712, Scotia, California 95565, USA
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http://www.hrcllc.com/

CERTIFIED	EXPIRATION
27 November 2019	26 November 2024

DATE OF FIELD EVALUATION
24 – 27 August 2020
DATE OF REPORT FINALIZATION
8 January 2021

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Foreword

Cycle in annual surveillance evaluations				
☒ 1st annual evaluation	☐ 2nd annual evaluation	☐ 3rd annual evaluation	☐ 4th annual evaluation	☐ Other (*expansion of scope, Major CAR audit, special audit, etc.*):
Name of Forest Management Enterprise (FME) and abbreviation used in this report:				
HRC-MRC				

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

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

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

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 public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the FSC Certificate Database (http://info.fsc.org/) no less than 90 days after completion of the on-site evaluation. Section B contains more detailed results and information for required FSC record-keeping or the use by the FME.

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Evaluation Team

Auditor name:	Stefan A. Bergmann	**Auditor role:**	Audit Team Leader
Qualifications:	Mr. Bergmann has been in the forestry and wood products field for nearly 20 years, working across the US on forest policy, landowner extension, and forest certification. He also has senior staff executive experience with two forestry non-profits in the Midwest. Prior to joining SCS in 2017, he worked for Rainforest Alliance, overseeing the Forest Stewardship Council® (FSC®) Forest Management auditing program in the US. He has successfully completed FSC Forest Management Lead Auditor training, ISO 9001 Lead Auditor training, and is qualified to be an SFI team auditor. He has served as lead and team auditors on numerous FSC FM audits around the country. He holds a BS in Wildlife Science and an MS in Forest Resources, both from Oregon State University, and recently completed an MBA at the University of California Davis.		
Auditor name:	Dr. Walter Mark	**Auditor role:**	Team Auditor
Qualifications:	Dr. Walter Mark is a professor emeritus of forestry at California Polytechnic State University, San Luis Obispo and former Director of Swanton Pacific Ranch, the University's FSC Certified school forest. He has a B.S. in Forest Management from Utah State University, an M.S. in Forest Science from Colorado State University, and a Ph.D. in Botany and Plant Pathology from Colorado State University. Dr. Mark specializes in forest health and silviculture. Dr. Mark is a consultant for SCS. He has successfully completed FSC Forest Management Lead Auditor training and ISO 9001 Lead Auditor training. Dr. Mark is a registered professional forester in California (RPF No. 1250) and a Fellow in the Society of American Foresters with over 50 years of forestry experience in public and private forestry and higher education sectors. He has served as audit team member and leader in Canada and the USA for certification, recertification, scoping, and annual audits since 2003.		

1.2 Total Time Spent on Evaluation

A. Number of days spent on-site for evaluation:	4
B. Number of auditors participating in on-site evaluation:	2
C. Number of days spent by any technical experts (in addition to amount in line A):	0
D. Additional days spent on preparation, stakeholder consultation, and follow-up:	2
E. Total number of person days used in evaluation:	**10**

1.3 Standards Used

All standards used are available on the websites of FSC International (www.fsc.org) or SCS Global Services (www.SCSglobalServices.com). All standards are available on request from SCS Global Services via the comment form on our website. When no national standard exists for the country/region, SCS Interim Standards are developed by modifying SCS's Generic Interim Standard to reflect forest management in the region and by incorporating relevant components of any Draft Regional/National Standard and comments from stakeholders. More than one month prior to the start of the field evaluation, SCS Draft Interim Standards are provided to stakeholders identified by FSC International, SCS, forest managers under evaluation,

and the FSC National or Regional Office for comment. SCS's COC indicators for FMEs are based on the most current versions of the FSC Chain of Custody Standard, FSC Standard for Group Entities in Forest Management Groups (FSC-STD-30-005), and FSC Accreditation Requirements.

Standards applicable *NOTE: Please include the full standard name and Version number and check all that apply.*	☒ Forest Stewardship Standard(s), including version: FSC-US Forest Management Standard (V1-0, 8 July 2010)
	☒ FSC Trademark Standard (FSC-STD-50-001 V2-0)
	☒ SCS COC indicators for FMEs, V8-0
	☐ FSC standard for group entities in forest management groups (FSC-STD-30-005), V1-1
	☐ Other:

2. Certification Evaluation Process

2.1 Evaluation Itinerary, Activities, and Site Notes

Date: Monday, 24 August 2020[1]	
FMU/ location/ sites visited	**Activities/ notes**
Opening meeting, MRC office, Ukiah	Introductions, scope of evaluation, confidentiality and public summary, evaluation methods, emergency and security procedures, client update on MRC and HRC FMUs, initial review of open findings, and MRC site selections.
Site 1: Combo Main THP, Garcia Tract, MRC FMU	This THP is a 400-acre harvest consisting of Selection (17ac), Transition (130ac), Variable Retention (30ac), and Rehabilitation of understocked stands. Selection harvest is the preferred method of harvest if the stands meet the trigger of at least 105 sq-ft of basal area (BA). The plan is to have between 80 and 100 sq-ft BA/acre after harvest. The first stop in THP was a closed out landing. There was little to no residual stand damage observed. The plan is to reenter the stand approximately every 15 years. The stand is cruised prior to planning the THP and the prescription is written based on the cruise data and the forester's assessment. Following harvest, the new stand inventory is developed from the load ticket data at the office. The Garcia River watershed is one of the watersheds with daily sediment load requirements, so water quality and sediment reduction is of primary importance. The road to the second stop in

[1] A special investigation was undertaken by SCS Lead Auditor Dr. Robert J. Hrubes between November 2019 and February 2020 in response to allegations of safety concerns communicated by stakeholders. The findings of that report, *Audit Investigation Report of Humboldt Redwood Company*, dated 26 February 2020, are included in the 2020 FSC Forest Management annual surveillance evaluation report.

	the THP was an RMZ road and was rocked with rolling dips. In discussions with the MRC forester and Licensed Timber Operator (LTO), plans for the road after completion of logging are to re-rock the road and rake out the rolling dips and straw mulch the outflows of the rolling dips. Stop 2 in the THP was an active landing and the LTO was interviewed onsite. The landing crew had the proper PPE. There were a First-aid and spill kits onsite. The only issue identified onsite was a lack of water to adequately address dust abatement. Even so, the road was not producing dust, so the water seemed adequate. The FME was supposed to provide a local source of water for the LTO, but that was not available due to a droughty summer, so the LTO was having to truck water in from farther away at an added cost. Stop 3 in the THP was a landing with a loader present but not operating. The fire box for the operation was located here and contained the required equipment. The property line was flagged for the sale with an agreement on the location from the adjacent property owner. There was no permanent marking of the property boundary present. The location was determined by finding old survey markers and walking the line with the adjacent owner. All equipment present at all stops was checked for fluid leaks and none were found.
Site 2: Masonite Road, MRC FMU	As one of the primary access roads for the FMU, the FME owns 98% of the road length with an easement across one small section. Likewise, other landowners in the area have an easement with the FME to use the road. The road is comprised of a mixture of paved and unpaved (graveled) sections. Several of the bridges that cross the creek have been replaced over the years, and the FME is responsible for maintenance of the road. Masonite Road is closed to public use, as stated by no trespassing signage. This decision was made in order to ensure the safety of the public with log trucks and other company traffic that regularly use it. In addition to local landowners, local Native American tribes have access rights for gatherings and other cultural purposes, as the region was historically an important hunting and gathering area. The road also provides the FME and state agencies with access to the FME's PLM that is managed to enhance wildlife in an ecologically important and unique oak woodland area.

Site 3: Castle Gardens THP, MRC FMU	This THP is being actively harvested and includes transitional (light to medium thin to create uneven age), selection, and seed tree removal (release of medium canopy layer trees) silvicultural systems. The majority of the THP falls within the selection system. Members of the crew at an active landing were interviewed; all were found to be knowledgeable about their jobs, including requirements for safety when working on the landing. The landing and equipment had fire extinguishers. There was also a spill kit, First-aid kit, and a fire box with appropriate tools; these items were all accessible to crew members, and the crew also wore appropriate PPE. No equipment leaks were observed. A completed trip ticket for a log truck load was reviewed and was found to be in conformance with FSC requirements (Log Receipt #386715). The truck driver, as well as the landing crew boss, were knowledgeable about their role in the COC system. The THP includes a watercourse and lake protection zone (WLPZ) for each stream. The level of protection depends on the stream classification. For example, in the State of California Class 1 and 2 streams receive 150-ft and 100-ft no-equipment buffers, respectively. Flagging along these buffers was observed. The stand is being skidded with a CAT with little residual damaged noted. The THP includes one archeological site that is in Ben Meadows, a riparian area that has been incorporated into the WLPZ and that receives a 100-ft no equipment buffer. There are also three archeological sites in the THP that do not need special protections. Auditor and FME personnel discussed the process of notifying Native Americans about each THP and if foresters discover artifacts during archeological surveys. The harvested stand is not expected to require any planting nor vegetation management (i.e., herbicide application), as the remaining stand is largely intact with advanced regeneration already present and numerous seed trees retained. FME foresters will conduct stocking surveys to monitor the regeneration and the stand's response to the harvest. As the THP is still active, water bars have only been installed on logging trails that are no longer active; additional water bars will be installed across the THP once harvesting concludes.

	A thick layer of fine, silty dust on the mainline haul road for Castle Gardens THP was observed and a Minor CAR was issued (see **Finding 2020.5** for a description and explanation of the non-conformity).
Date: Tuesday, 25 August 2020	
FMU / location / sites visited	**Activities / notes**
Daily opening meeting, MRC office, Ukiah	Discussed open findings from the 2019 recertification evaluation, logistics for the day, and a recap of the previous day.
Site 4: Middle Creek THP, Rockport Tract, MRC FMU	This was a 281-acre THP completed in 2018. The silvicultural methods utilized were selection, transition, and variable retention. The THP included an archeological site and rare plants. The auditors reviewed the rare plant protection, the arch site mitigation, and the cut areas. All protections and mitigations had been flagged on the ground and the operations observed the protections. The forester developing the plan had discovered the arch site and filed the primary report. The site was not in the area of active operations, but was within 100 feet of operations and protection was equipment exclusion to prevent disturbance. There was little to no residual stand damage observed.
Site 5: Hales Gove Road and bridge, Rockport Tract, MRC FMU	The road is a main haul road for the tract. A steel bridge was over Middle Creek (Class 2 stream). Extensive work had been done to disconnect the road system from the bridge site, as the bridge was located in a low point on the road. This included dewatering the road before the decline to the bridge and the placement of sediment traps on both sides of the bridge to catch road run-off and have the sediment drop out before discharge.
Site 6: Stuck-in-the-Middle THP, Rockport Tract, MRC FMU	This 450-acre THP is approved for operation and work is planned to begin later in the week. The silvicultural systems planned are group selection and selection. Most of the groups will be in the cable yarder sections of the plan. The stand had been marked for harvest. All skid trails and roads follow existing infrastructure with no new skid trails or roads planned. NSO nest/roost habitat in the stand was discussed.
Travel to Scotia for HRC FMU evaluation site visits	Due to COVID-19, the Client and each auditor drove separately to Scotia.
Introductory meeting with HRC Staff, HRC office, Scotia	Discussed open findings from 2019 recertification audit. Completed logistical planning for next day on HRC FMU.
Date: Wednesday, 26 August 2020	
FMU / location / sites visited	**Activities / notes**
Daily opening meeting, HRC office, Scotia	Logistical meeting for the day.

Site 7: Upper Monument THP, Lower Eel Tract, HRC FMU	This THP involved group selection and selection as the silvicultural methods. The THP was started in 2017. This particular stop was at the site of NSO Core #65. There was an existing road in the core that was scheduled for upgrade after the seasonal restrictions are lifted. The owls in this core area had moved their nest site and ,as a result, the core was expanded and now includes approximately 40 acres. The core no harvest area was flagged, as was the edge of the HRA, and the prescription in the HRA outside the core is for selection harvest with retention of at least 60% canopy cover, increasing QMD, and retention of additional structure trees. The selection plan was basically a thinning from below with retention of dominant trees and suitable nesting trees. CDFW had visited the site to review the mark, the road plans, and the revised core area. The adaptive management now in place for Level 1 sites has changed the old circles of 500 and 1,000 feet to the best polygon for habitat retention. If harvest or road construction must occur, then the FMU must notify the agency and they can do an onsite evaluation. No herbicide application takes place within the HRA. Cattle were observed along the road on the way out of the area. There is a grazing lease in the area.
Site 8: Stafford Right THP, Mattole Tract, HRC FMU	This THP was harvested in 2017 and 2018 using variable retention with disbursed retention to reduce the need for herbicide. The main reason for this stop was to view herbicide monitoring plots. There were two plots side by side with 50 trees tagged in each. One side was treated with hexazinone herbicide in April for control of annuals and grasses and the other was untreated. Vexar tubes were placed on all the trees to reduce damage from deer browse. High mortality has been observed due to competition from grasses and annuals in the area in past operations. The VR units were treated with hack and squirt to reduce hardwood competition. Depending on the hardwood stand, an upper diameter limit of treatment will be selected at 14, 18, or 24 inches and then 30 sq-ft/ac of hardwood basal area is retained.
Site 9: Coastal Prairie RSA and arch site, Mattole Tract, HRC FMU	This site was visited during the 2019 recertification evaluation as Site 24. The protections of the arch site were once again reviewed; the tribe had requested and was granted a visit to this site as part of the THP review. The mitigation was an exclusion zone. The other topic was the erosion observed in 2019 in the RSA due to a road water diversion. In response to a non-conformity raised by the audit team last year (**Finding 2019.6**), the FMU had rocked the rolling dip and the outlet and put velocity reduction material in the

	outlet area. After review, the FME is planning to add slash packing in the erosion ditch below the outlet and put in at least two photo monitoring points below the outlet to monitor the erosion to determine if the mitigations employed are adequate to protect the RSA resources. This monitoring will continue for at least five years, with a conclusion on the effectiveness of the measures and the need for additional measure to be made at that time. See SCS Review section of **Finding 2019.6** for a description of the closure of the non-conformity.
Site 10: Rainbow Ranch THP, Mattole Tract, HRC FMU	This THP was harvested in 2019 and 2020. The silvicultural methods were selection and variable retention. Yarding was a combination of tractor and cable. Wildlife surveys completed as part of the THP preparation included golden eagle and NSO. Rare plant surveys were conducted in addition to the standard survey requirements such as archeological.
Site 11: Moonshine THP, Mattole Tract, HRC FMU	This active THP is a group selection harvest with hack and squirt hardwood treatment. Aggregate retention was utilized. The LTO was interviewed and the load ticket was examined. All workers had proper PPE, there was a First-aid kit, spill kit, and fire box onsite. No equipment leaks were observed.
Site 12: Poker Face THP, HRC FMU	This active THP will be completed in 2021. LTO's crew was observed working on the landing, all wearing appropriate PPE. The landing included a First-aid kits, fire extinguishers, spill kit, and fire box. Written *Fire Prevention Rules* in English and Spanish and the *HRC Fire and Emergency Medical Helicopter Evacuation Plan 2020* were found in the fire box, along with a supply of firefighting hand tools. A completed trip ticket for a log truck load was reviewed and was found to be in conformance with FSC requirements (Log Receipt #139753). The truck driver, as well as the landing crew boss, were knowledgeable about their role in the COC system. The THP is comprised of selection in areas greater than than 120 sq-ft BA/acre and VR in areas with less than 120 sq-ft BA/acre. The selection areas are marked to cut; the VR areas are marked to leave. The THP includes both yarding and CAT logging units. Minimal residual damage in the skidded areas was observed. Season roads and logging trails associated with THP will be winterized this fall (i.e., installation of water bars and other water control structures). Per state requirements for fuel treatment,

	logging slash will be lopped and scattered across the unit within all areas that are 200 feet from public roads.
Site 13: Scotia Mill Site Tree Farm, HRC FMU	This "tree farm" is located on party of the FME's old mill site that had been cleared for cattle production in the early 1900s. Planting of the site began in 1983. It is classified as a Site I redwood site, and the trees are growing rapidly. There have been three thinnings since the planting to try various types of treatments.
Date: Thursday, 27 August 2020	
FMU / location / sites visited	**Activities / notes**
Site 14: Lawrence Creek Restoration—Larry 2, Yager Tract, HRC FMU	This is a completed off stream refugia pool restoration project funded by NOAA with in-kind funding from HRC. An old oxbow was excavated and reconnected to Lawrence Creek to provide off stream refugia for anadromous fish. The pool was occupied as determined by trapping in the first flow that connected to the pool to the stream. Willow plantings were made to provide shade on the pool. The pool has large logs with root wads attached in the water for cover.
Site 15: Lawrence Creek Restoration—Larry 3, HRC FMU	This is a planned off stream refugia secondary channel with pool restoration project funded by NOAA with in-kind funding from HRC. An old side channel will be used to provide refugia and a pool will be excavated and connected to Lawrence Creek to provide off stream refugia for fish.
Site 16: Pond THP, Elk River Tract, HRC FMU	This stop was an active operation. The team visited a pond that was being utilized for drafting. The pond had a rare plant community type. There were invasive plants at the site, too, including Jubata grass and English ivy, which were specified to be removed by hand. Use of the site for drafting is covered under the MATO. The pond is classified as Class 2. When outside the WLPZ, the Jubata grass will be sprayed to control it. The team examined a new road spur of 2,000 feet and found no problems with the new road construction. The harvest was group selection and selection. The stand was second growth 45-year old material and was extremely dense. Slash is to be piled for later chipping. The prescription called for residual stand of 120 sq-ft BA/acre when there was that amount that did not have bear damage. Bear damage was prevalent throughout the stand. The FMU encourages bear hunting in the tract to try to reduce the bear damage to the stands. The LTO was interviewed onsite. All equipment was in good condition and no equipment leaks were observed. All machines

	were equipped with First-aid kits; the fire box and water tank were examined, and the spill kit was in the crummy. A completed trip ticket for a log truck load was reviewed and was found to be in conformance with FSC requirements (Log Receipt #145541). The truck driver, as well as the landing crew boss, were knowledgeable about their role in the COC system.
Audit team prep, HRC office, Scotia, HRC MRC	Audit team consolidated notes and confirmed preliminary evaluation findings.
Closing meeting, HRC office, Scotia, HRC MRC	Audit team reviewed preliminary findings and discussed the next steps in the evaluation of the FME.

2.2 Evaluation of Management Systems

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

3. Changes in Management Practices

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

☐ Significant changes occurred since the last evaluation that may affect the FME's conformance to FSC standards and policies (*describe*):

4. Results of Evaluation

4.1 Definitions of Major CARs, Minor CARs and Observations

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

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

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

4.2 History of Findings for Certificate Period

FM Principle	Cert/Re-cert Evaluation 2019	1st Annual Evaluation 2020	2nd Annual Evaluation 2021	3rd Annual Evaluation 2022	4th Annual Evaluation 2023
No findings	☐	☐	☐	☐	☐
P1	Minor: 1.5.b	Major: 1.1.a			
P2					
P3					
P4	Obs: 4.5.b	Obs: 4.1.d, 4.2.b			
P5	Obs: 5.3.b				
P6	Minor: 6.3.a.1, 6.4.b, 6.4.c, 6.5.d; Obs: 6.6.a, 6.6.b; Major: 6.6.e	Minor: 6.5.b			
P7		Obs: 7.1.q			
P8					
P9	Minor: 9.1.b, 9.2.a; 9.3.a; Obs: 9.3.b	Obs: 9.1.a			
P10					
COC for FM					
Trademark					
Group					
Other					

4.3 Existing Corrective Action Requests and Observations

	Finding Number: 2019.1
Select one: ☐ **Major CAR**	☒ **Minor CAR** ☐ **Observation**
FME CAR/OBS issued to (when more than one FME):	

Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 1.5.b
Non-Conformity: Incidents of trespass and illegal activity have occurred on FME property, as detected during the 2019 field site visits and acknowledged in interviews with FME management and staff. These occurrences have included illegal dumping, vandalism of access gates, and vehicular trespass. The FME has not developed a mechanism to record such incidents in its reporting or other tracking system and how such activities are assessed to inform action implementation.	
Corrective Action Request: If illegal or unauthorized activities occur, the forest owner or manager shall implement actions designed to curtail such activities and correct the situation to the extent possible for meeting all land management objectives with consideration of available resources. The FME should document such incidents using an appropriate reporting system in order to drive analysis of appropriate actions and their implementation, including noting the geographic location of where these incidents occur.	
FME response *(including any evidence submitted)*	Companies believe there was a miscommunication that led to this Corrective Action. At the time of the 2019 audit, MRC and HRC security staff were implementing security logs which were reviewed with the forest manager at regular intervals for decisions on additional follow-up required. Unfortunately, during the 2019 audit, the MRC coast area was without a security staff person and thus were not implementing security patrols and logs. Companies currently utilize one security staff employee per company. Therefore, MRC has one security employee and HRC also has one security employee. Security logs are provided weekly while incident reports are completed for major incidents. For review, patrol logs from the week of 8/3 to 8/7 are included with this transmission of evidence. MRC's and HRC's security patrol officers are tasked with responsibilities to maintain gates, locks, and keys (ensuring gates are functioning properly, managing database for submaster and contract keys, etc.); routine daily patrols; cleaning up and deterring illegal dumpsites; maintaining signage; reporting daily patrol actions and incident reports for major incidents; and establishing/maintaining relationships with law enforcement, adjacent landowners, use rights holders, and internal staff. Patrol officers duties are implemented with frequent communication with internal staff as needed. Daily patrol logs are available for review. Incident reports are sent to Forest Managers for review and updated regarding follow-up actions as needed. To the extent possible, patrol offices are expected to work independently to solve problems and communicating with forest managers on a regular basis. Security officers and forest managers are available to discuss this process as needed.

SCS review	Audit Team reviewed FME's written response and conducted interviews with key management personnel. During those interviews, personnel clarified that although the MRC coast area patrol officer position was vacant during the 2019 audit, foresters and other field staff had been reporting incidents of trespass and illegal activity to their respective forest manager. FME personnel further explained that the company is in the process of rolling out a new remote technology to report such incidents using a mobile application. Audit Team reviewed samples of daily logs completed by security patrol officers, both HRC and MRC FMUs. The security logs for HRC covered the dates 3-7 August 2020; the security logs for MRC covered the dates 2 August and 5-8 August 2020. The logs included sufficient detail to verify that the FME is recording and addressing incidents of trespass and illegal activity. As the Audit Team verified that such incidents are being recorded and follow up actions pursued, there is sufficient evidence to close this finding.
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.2
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard (v1.0), Indicator 5.3.b
Background/Justification: During the 2019 field site visits to harvest, fuel reduction, and restoration sites, evidence of residual stand damage was noted by the audit team. This was not widely present nor excessive in most cases.	
Observation: The FME should take action to afford better protection to residual trees during active operations to provide protection of residual trees from damage to the extent that health, growth or values are not noticeably affected.	
FME response *(including any evidence submitted)*	Companies' staff utilize a logging inspection checklist with contract administration visits to ensure damage to residual trees is limited; and if not to provide feedback to the contractors with expectations for change. This observation is best reviewed on active logging sites and recently harvested stands in the woods. Companies have attached Appendix I of the logging contract which covers Companies' logging standards as well as the typical contract administration checklist used by contract administrators.

SCS review	Audit Team reviewed FME's written response, *Logging Inspection Form*, and Exhibit I of the *Logging Contract*. Dated 21 November 2019, Exhibit I describes the "Company Timber Operations Standards (applicable on every job in every Area by every Logger)." Both documents address residual damage to residual trees under skidding/yarding activities. A sample of completed Logging Inspection Forms were also reviewed. During the 2020 audit field visits, Audit Team observed no to very little damage to residual trees in harvested units, thereby demonstrating that the company's system is working and warranting closure of this finding.
Status of OBS	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.3
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 4.5.b

Background/Justification:

Effective stakeholder consultation is an important component of the FSC forest management certification standard. Effective stakeholder engagement can be challenging, especially in a geographically diverse area such as the region in which the FME's two FMUs are located. Challenges can arise as an FME strives to be transparent and invite input from surrounding communities that expect engagement. The North Coast and Ukiah/Fort Bragg regions have long histories of active stakeholders who have an interest in the forest management process and closely monitor the activities of forest landowners, including those of HRC-MRC.

The FME has provided the 2019 audit team with examples of how stakeholder consultation informed management actions in the past. However, in speaking with external stakeholders, some stakeholders appear to lack awareness as to how, specifically, such input may inform FME management actions, if at all. There have also been concerns expressed about the amount of time provided for stakeholders to review materials and respond, as well as in some cases a perception of a lack of follow through.

Additionally, during stakeholder consultation for this audit the audit team determined that approximately 20% of the email addresses on the stakeholder list provided by the FME are inactive. Although email is just one communication method for stakeholder interaction, inactive stakeholder email addresses may exacerbate the challenge of effective stakeholder consultation.

Observation:

HRC-MRC is presently in conformance with Indicator 4.5.b, but based on interviews with stakeholders and an evaluation of the FME's methods used for stakeholder engagement, the audit team sees

opportunities for enhancing the effectiveness of that engagement. In providing a known and accessible means for interested stakeholders to voice grievances and have them resolved, HRC-MRC should develop and implement a system for ongoing stakeholder engagement and interaction that is adapted to local communities and geographies, provides sufficient time for meaningful stakeholder input, and conveys specifically and in a timely manner how stakeholder input has informed management actions. This stakeholder engagement should include a variety of communication forms that build on local relationships; examples include targeted one-on-one or small group meetings, in-woods field tours, phone and conference calls, local radio, electronic media using up-to-date email addresses, and web forums, among others.	
FME response *(including any evidence submitted)*	According to the FSC Standard, the forest owner or manager provides a known and accessible means for interested stakeholders to voice grievances and have them resolved. If significant disputes arise related to resolving grievances and/or providing fair compensation, the forest owner or manager follows appropriate dispute resolution procedures. At a minimum, the forest owner or manager maintains open communications, responds to grievances in a timely manner, demonstrates ongoing good faith efforts to resolve the grievances, and maintains records of legal suites and claims. Methods to comply with this Indicator may be informal or formal depending on the nature of the grievance. The FSC Guidance provides examples of "appropriate dispute resolution procedures." These may include but are not limited to: developing liaison roles with critical stakeholder groups; program enforcement policies that emphasize use of appropriate notices or warnings before penalties are applied; hosting open houses or informal listening opportunities where people are welcomed to express concerns; participating in local government or on advisory boards and other civic involvement that encourages communication. MRC and HRC have utilized this information in designing the stakeholder consultation process for the recently completed High Conservation Value Forest (HCVF) assessment. We have always believed in open and transparent communication and have maintained multiple methods for stakeholders to contact the businesses, including: contact with local forestry staff developing and implementing plans in their area of concern; a contact form available on our website; a forestry Facebook page which allows interactions with a multitude of different stakeholders; and through targeted consultation for specific projects such as the HCVF assessment. MRC and HRC continue to maintain an online stakeholder contact reporting form to allow for efficient and effective tracking of stakeholder concerns and potential grievances. Subjects reported via the stakeholder contact form continue to be broad and varied (ongoing concerns with management in the Mattole, property boundary concerns, archaeology, emergency escape routes, herbicide usage, etc.). In our efforts to engage with different stakeholders on the HCVF assessment, staff were successfully able to contact and engage with two Native American tribes. This consultation will be ongoing (although the rest of the HCVF assessment is complete) until we are able to convene and discuss with the key tribal stakeholders.

SCS review	Audit Team reviewed the consultative processes undertaken by HRC-MRC extensively during both the 2019 recertification evaluation and the 2020 annual surveillance evaluation. The team reviewed FME's response, various documents pertinent to the HCVF assessment most recently undertaken by FME, and the stakeholder communications log maintained by FME. Company personnel and external stakeholders were also interviewed. FME has made noteworthy improvements in its stakeholder consultation process in the last year as part of the HCVF assessment of the two FMUs (see **Finding 2019.11**). The stakeholder consultation process was more systematic and included a larger number of stakeholders representing a broader range of interests than had occurred during the Mattole River Watershed HCVF assessment conducted in 2019 (see Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies, dated 3 July 2019). In addition, FME personnel made a concerted effort to reach out to Native American tribes in the region; this communication appears to have contributed to input on the HCVF assessment from two tribes and, potentially, additional input from tribes in the future. The stakeholder communications log maintained by the FME serves as a running list of significant interactions with stakeholders across the two FMUs. The log was expanded in 2019 and for each interaction now includes the company personnel involved, FMU, date, location, subject, venue (phone call, field tour, etc.), stakeholder name(s), stakeholder group, stakeholder contract information, primary and secondary topics, and a summary of actions taken by FME in response to the interaction. Additionally, during email stakeholder consultation for this audit, unlike last year nearly all email addresses on the stakeholder list provided by the FME were current and active. The stakeholder list was comprised of a substantially larger number contacts, too. Between improvements to the stakeholder consultation process (as exemplified by consultation involved with the recently completed HCVF assessment), expanded and maintained stakeholder communications log and improved stakeholder contact list, closure of this finding is warranted.
Status of OBS	[X] Closed [ ] Upgraded to Major [ ] *Other decision (refer to description above)*

	Finding Number: 2019.4
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.3.a.1
Non-Conformity: The 2019 audit team visited several old growth and late successional forest stands. Many of these are associated with marbled murrelet conservation areas, NSO sites, RMZs, and HCVs. During these visits, most of the sites were redwood forest types, while very few were Douglas-fir types. At the visit to the Mattole watershed area, the team did observe the designated HCV and some RMZ areas. FME staff stated that the existing HCVs and the RMZs provided adequate representation of late successional Douglas-fir stands. However, the RMZ portions of the Mattole watershed do not provide opportunities for the retention or development of late successional stands of Douglas-fir over a variety of topographical positions and sites in the watershed.	
Corrective Action Request: The FME must develop a plan to maintain, enhance and restore underrepresented successional stages, in this case late successional Douglas-fir stands, across the two FMUs, including in the Mattole watershed. Since this forest community type appears to be underrepresented across the two FMUs, the FME must manage a portion of the forest to maintain, enhance, and/or restore this underrepresented successional stage.	
FME response *(including any evidence submitted)*	It is MRC's and HRC's vision to manage these highly productive forestlands with a high degree of environmental stewardship while maintaining a successful business. Companies already manage multiple areas of both FMUs for the development of late seral Douglas-fir and thus additional delineations are not required. Table 1 and Figures 1, 2, and 3 show the acres and polygons protected as no-harvest or limited harvest (watercourse protections and northern spotted owl areas) that currently display late seral conditions or will develop into late seral conditions over time. These forested areas total over 624 acres in 169 different polygons. Further management action is not required in these areas for them to develop into late seral Douglas-fir stands. Companies conclude no further delineation is required to address this indicator.

Table 1 Acres of protected riparian and NSO areas within Douglas-fir stands that will develop into late seral forests.

FMU	Riparian acres	NSO areas	Polygons
MRC	6.1	0	7
HRC	351.5	266.4	162
Total	357.6	266.4	169

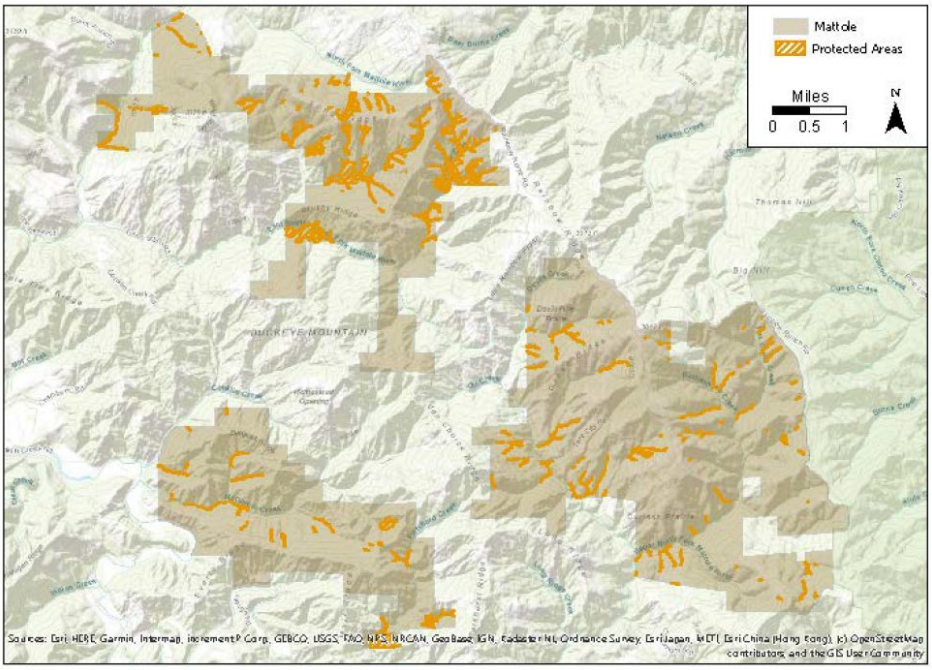

Figure 1: Protected Douglas-fir (*Pseudotsuga menziesii*) Areas on the Mattole Sustainability Unit

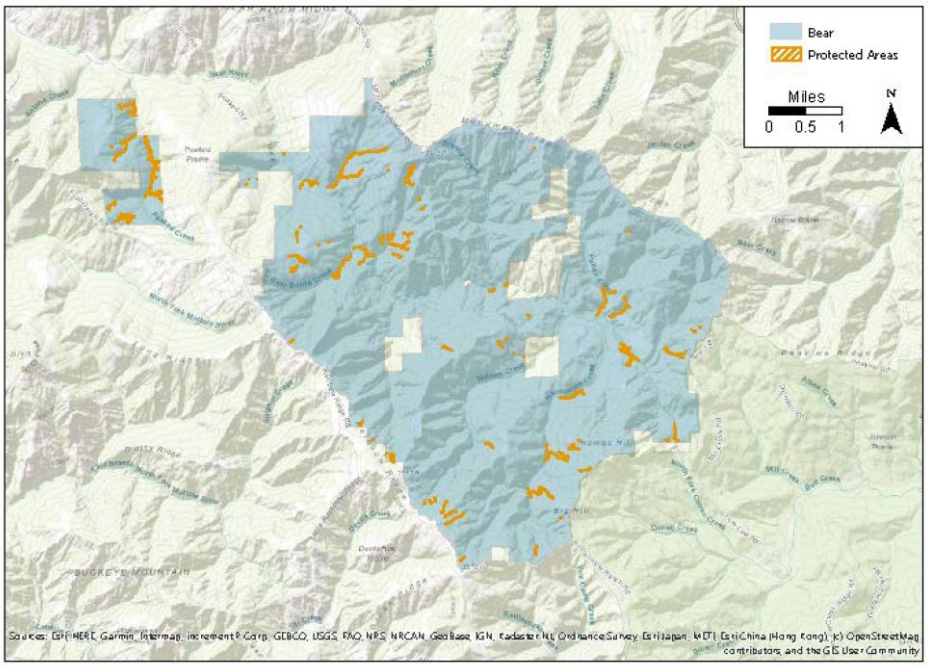

Figure 2: Protected Douglas-fir (*Pseudotsuga menziesii*) Areas on the Bear Sustainability Unit

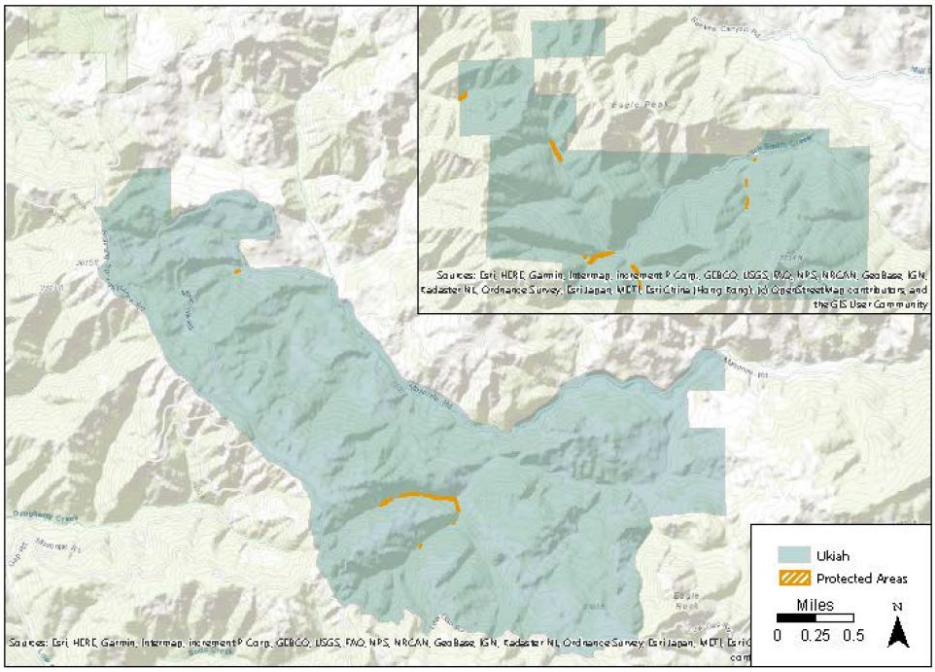

Figure 3: Protected Douglas-fir (*Pseudotsuga menziesii*) Areas on the Ukiah Sustainability Unit

SCS review

The Audit Team reviewed the FME's written response and email communication between SCS and FME pertinent to this finding. As well, the Audit Team interviewed key management personnel. Additionally, the Audit Team reviewed the documents *Mattole 2016 – Managing Humboldt Redwood Company's Ownership in the Mattole River* Watershed, which was developed in response to public questions about HRC's harvesting operations in the watershed, and *Mendocino and Humboldt Redwood Companies Representative Sample Area Analysis*, published in 2019 to demonstrate conformance with Indicator 6.4.d of the FSC-US Forest Management Standard.

Of particular note, the 2019 RSA analysis determined that neither NatureServe nor LANDFIRE classifies significant portions of the FME's ownership as being pure Douglas-fir under current conditions or LANDFIRE's best estimates of pre-Columbian conditions. On the MRC FMU, for instance, most of the forested stands classified as dominant Douglas-fir (defined as stands containing Douglas-fir on 85% or more of the conifer basal area) were developed as a result of fire suppression policies allowing encroachment of Douglas-fir into grass and oak woodland dominated areas. Meanwhile, on the HRC FMU, more areas were identified as Douglas-fir dominated; while most of these areas are recognized as Douglas-fir sites, a portion of these areas also developed as a result of fire suppression regimes allowing Douglas-fir encroachment on native grasslands. At present, 6.9 acres of the MRC FMU (4% of Douglas-fir dominated area) and 617.9 acres of the HRC FMU (12.4% of Douglas-fir dominated areas) are located in no harvest or limited harvest stands that FME expects to develop into late seral Douglas-fir.

	While neither Indicator 6.3.a.1 nor associated FSC guidance includes a minimum threshold for underrepresented successional stages on certified FMUs (e.g., forested area size or percent requirement), the company's approach to enhancing and restoring late successional Douglas-fir stands across the two FMUs is sound and meets the intent of the requirement of this Indicator, the Audit Team agrees with the FME's response. That approach is based on the company's knowledge of Douglas-fir dominated stands most likely to develop into late seral forest over time based on existing protections, the historical assessment of Douglas-fir encroachment versus natural sites, and its operational and financial feasibility of affording such protections. For these reasons, closure of this Finding is warranted.
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.5
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.4.b
Non-Conformity: During the site visit to the two FMUs, review of the HCV documents, and review of the forest management plan for the HRC units, the audit team determined that there were very limited designations of late successional Douglas-fir communities designated as either RSA or HCF. There appear to be opportunities to identify and designate such communities to establish some additional areas representing RSAs of purpose 2, specifically late successional Douglas-fir, on the two FMUs, including in the Mattole watershed. Examples of late successional Douglas-fir RSAs were not observed during the audit.	
Corrective Action Request: While the FME did conduct a gap analysis for underrepresented ecosystems and found only limited gaps, such as the bishop pine forest, there appear to be opportunities to identify ecosystems on the FMU to serve as representative samples of existing ecosystems, specifically late successional Douglas-fir. According to the indicator, forest owners or managers, whose properties are conducive to the establishment of such areas, shall designate ecologically viable RSAs to serve these purposes. Large FMUs are generally expected to establish RSAs of purpose 2 and 3 within the FMU. Late successional Douglas-fir, such as those observed in the Mattole watershed and elsewhere on the FMU, should be evaluated for inclusion for RSA designation.	
FME response *(including any evidence submitted)*	Companies have already addressed this indicator, specifically related to mature Douglas-fir stands via previous efforts and existing RSA analysis. Companies addressed a concern from stakeholders related to the need to protect late

	seral/mature Douglas-fir forests in the Mattole Watershed as Representative Sample Areas in our Mattole 2016 document (Mattole 2016 – Managing Humboldt Redwood Company's Ownership in the Mattole River Watershed). This document remains available on Companies' website: https://www.hrcllc.com/sites/default/files/inline-files/Mattole_2016_for_website_072116-1_0.pdf Further, Companies completed a 10-year review of our Representative Sample Area Analysis in 2019 (see Mendocino and Humboldt Redwood Companies Representative Sample Area Analysis) to ensure Companies' assessment remained appropriate given updated information. Companies' conclusion in that assessment was that existing HCV and RSA protections were currently adequate under Criterion 6.4, though recognized the need for minor improvements over time. This report was completed to address CAR 2018.5, which was closed as a result of the 2019 audit. Companies convened a call with SCS Global Services on 17 April 2020 to ensure Companies fully understood Findings 2019.4, 2019.5, 2019.10, and 2019.11. During the call, Companies discussed with FSC auditors the meaning of the clause, "Large FMUs are generally expected to establish RSAs of purpose 2 and 3 within the FMU." This clause is added to the end of Indicator 6.4.b, and it appears the audit team presumed these types of RSAs must be established regardless of the findings of a GAP analysis of protections of these ecosystems across the landscape. The 2016 Mattole document referenced above determined protections within the ecoregion for late seral/mature Douglas-fir forests were sufficient. Upon further discussion with the SCS Global Services during the 17 April phone call, SCS clarified it is their interpretation that the clause is meant to apply only if there are not sufficient protections of existing ecosystem types within the ecoregion. Therefore, Companies believe this corrective action has already been addressed and there is no additional need for inclusion of late seral Douglas-fir forests in Companies' Representative Sample Areas. It is important to note that Bishop Pine Forest was added to both FMU's RSAs as a result of the 2019 assessment.
SCS review	The Audit Team reviewed the FME's written response as well as notes from the referenced 17 April 2020 conference call between FME and SCS Global Services. Additionally, the Audit Team reviewed the document, *Mattole 2016 – Managing Humboldt Redwood Company's Ownership in the Mattole River* Watershed, which was developed in response to public questions about HRC's harvesting operations in the watershed, and *Mendocino and Humboldt Redwood Companies Representative Sample Area Analysis*, published in 2019 to demonstrate conformance with Indicator 6.4.d of the FSC-US Forest Management Standard. As it is SCS Global Services' interpretation that the requirement for large FMUs to establish RSAs of purposes 2 and 3 within the FMU applies if there are not sufficient protections of existing ecosystem types within the ecoregion (per 17

	April 2020 conference call), and as described in the FME's Mattole 2016 report and 2019 RSA analysis there are protections in the ecoregion for RSAs of purposes 2 and 3, the Audit Team agrees with the FME's response and closure of this Finding is warranted.
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.6
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.4.c
Non-Conformity: During the audit visit to the coastal prairie RSA in the Mattole watershed, the audit team noted erosion caused by concentration of water associated with improperly functioning road erosion control structures. This erosion is damaging the attributes of the RSA.	
Corrective Action Request: The FME must undertake management activities within RSAs that are limited to low impact activities compatible with the protected RSA's objectives. Road building must take place only where it is well documented that it will contribute to minimizing the overall environmental impacts within the FME and will not jeopardize the purpose for which the RSA was designated. Erosion control structures must be designed and constructed to minimize erosion.	
FME response *(including any evidence submitted)*	The specific road in question was built prior to HRC taking ownership of the timberlands and completing an RSA analysis. We took two actions as a result of this corrective action request: 1) Fixing the road point in question –photo documentation of the road point during maintenance work and post-maintenance work completed was provided to auditor. 2) Reminding all staff during pre-audit safety meetings convened on August 14th (MRC FMU) and August 21st (HRC FMU), as well as reminders during various meetings of where to locate RSA boundaries and expectations for management activities in those boundaries.

SCS review	The Audit Team reviewed FME's written response, several photos taken by FME field staff showing riprap installed, and sign-in sheets for the pre-audit safety meetings held on 14 and 21 August. Additionally, the Audit Team visited the specific road point in question in the Coastal Prairie RSA during the 2020 field site visits. The field site visit confirmed that the FME has rocked the rolling dip and the outlet, creating an opportunity for velocity reduction in the outlet area. After discussion, the FME stated they would add slash packing in the erosion ditch below the outlet and put in at least two photo monitoring points below the outlet to monitor the erosion to determine if the mitigations employed are adequate to protect the RSA resources, including one below the bench that drops down to the North Fork Mattole River drainage. The FME stated that this monitoring will continue for no less than five years, with a conclusion on the effectiveness of the measures implemented and at that time a determination as to whether additional mitigation is required. Based on the discussion that occurred during the site visit and FME's ensuing plan to add slash packing in the erosion ditch below the outlet and monitor the effectiveness of the erosion control measures implemented for at least 5 years, closure of this finding is warranted. The Audit Team has recommended in Appendix 4 of the audit report's Confidential Appendix under "Special Instructions or Scoping Notes for Next Regularly Scheduled Annual Audit" for the 2021 auditors to either visit or view photos of the road point in question to verify that the additional slash was installed and photo point monitoring has commenced.
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.7
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME): Mendocino Redwood Company FMU	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.5.d

Non-Conformity: The audit team travelled and inspected many sections of road within the transportation system of the two FMUs during the audit. Most of these were well maintained, and rehabilitation efforts on most were excellent. However, there was a problem with seasonal road closures and damage to erosion control structures on seasonal roads due to a trespass situation on the Tom Bell Complex THP on the MRC FMU. The gate lock had apparently been bypassed, and the vehicular trespass damaged some erosion control structures to the point that they had failed. Road inspections had not been adequate to detect this damage prior to the audit team visit, even though the road was in an area where the FME staff indicated they had past and recurring issues with trespassers. In addition, on the same THP, road rehabilitation efforts had not been completed in a manner consistent with the practices on the HRC FMU. Additionally, at recently completed roadwork in the Tom Bell Complex THP, crossing installations had some issues with no critical dips to prevent diversion of water down the road surface and with berm buildup on the outflow side of the road surface keeping the road from draining. Forest Practice Rules 14 CCR § 923.9(k), [943.9(k), 963.9(k)] requires such diversion potential on constructed (new) and existing logging roads to be addressed. An issue pertaining to inconsistent adherence to road closures was identified last year in an OBS (see **Finding 2018.7**). Since the 2019 audit team identified an issue pertaining to trespass on a closed road and there was evidence of crossings being improperly installed, a CAR has been issued for the same indicator.	
Corrective Action Request: The FME must take steps to assure that seasonal road closures on the MRC FMU are respected, to protect the erosion control structures put in place to minimize erosion. Additionally, open roads shall be designed, constructed, maintained, and/or reconstructed to reduce short and long-term environmental impacts and soil and water disturbance, including minimizing erosion and sediment discharge to streams.	
FME response *(including any evidence submitted)*	MRC and HRC staff manage this on an ongoing basis with internal messaging and training. On March 9th 2020 company leadership sent a memo to managers outlining forest road use with the expectation that it be reviewed with their staff in order to ensure that employees understand when to use roads and when to turn around. Employees are asked to follow that memo and those requirements to the best of their ability and when mistakes happen to report them and attempt to fix any damaged water bars with hand tools. MRC and HRC also have clarified staff expectations as far as reporting trespass issues that might cause resource damage. Forest managers are expected to follow-up on any issues that cause significant resource damage to address those issues in a timely manner. Included as evidence with this response are the email from the EVP and the memo included in the email. Please see Finding 2019.1 for more information regarding security processes. Regarding the specific road issues identified during the 2019 audit: • During review of the Keene Summit Road, Audit Team expressed concern regarding two elements of the crossing design/implementation at a 36” culvert along the main haul road. Concern # 1 was the presence of ruts/berms along the outer edge of

	the road surface. During closeout of the road under a different THP in fall 2019, the ruts/berms were graded smooth and the area was re-mulched as shown in the provided photo. Concern #2 was the location/condition of the critical dip to convey potential diverted flows. The existing location is ~120' downgrade from the crossing site. This was the location reviewed and approved by all three State agencies (CAL FIRE, California Department of Fish and Wildlife, and the North Coast Regional Water Quality Control Board). Installation of a new dip location closer to the crossing would have involved removal of several hundred square feet of streamside canopy and vegetation, as well as the creation of freshly bare soil immediately adjacent to the watercourse. HRC-MRC did note during the 2019 audit that the outlet of the dip could be deepened to ensure functionality; this work is slated to be completed by 15 October 2020. • During review of the Sunny Slope Road relative to the Tom Bell Complex THP, Audit Team expressed concern with the lack of defined critical dips at two crossing locations on the upper portion of the slope on a rocked all season road. When the THP was closed out, waterbars were used in lieu of critical dips at these locations. Waterbars were determined to be an appropriate alternative for these two sites based on several site specific factors including limited drainage area above the pipes (1.8 and 0.3 acres, respectively), the fact that the pipes are oversized (calculated pipe sizes for the two sites to pass 100-year flows are 12" and less than 12" respectively, however both are 18" pipes), the >8% gradient of the road makes dips marginally effective to ineffective, and that the North Coast Regional Water Quality Control Board approved the sites just two weeks prior to the 2019 audit. However, to further ensure that these sites have fully addressed the requirements of 14 CCR 923.9(k), HRC-MRC will further evaluate the sites to determine if any additional work may be implemented to further address diversion potential, including but not limited to enlargement of existing waterbars, addition of additional waterbars, outsloping, etc.).

SCS review	The Audit Team reviewed FME's written response and the Winter Road Use Memorandum distributed to management personnel on 9 March 2020. Additionally, the Audit Team conducted a telephone interview with the forest manager for the Tom Bell Complex THP on the MRC FMU who is responsible for construction and maintenance of the roadwork described in the finding, as well as reviewed the photo showing the removal of ruts/berms on Keene Summit haul road that occurred in fall 2019. The Audit Team determined that the Winter Road Use Memorandum provides important guidance to company field staff to minimize the potential for resource damage associated with road use when soils are saturated. Audit Team also found the evidence about the completed and additional planned roadwork for Keene Summit and Sunny Slope Roads, including the oversizing of culverts and approval of the regulatory agency, to sufficiently address the specific roadwork issues identified in during the 2019 field audit. With respect to the specific roadwork in the Tom Bell Complex THP that contributed to the finding, the forest manager explained that the contractor has removed the roadside berms from the haul road with a grader and has been hired to repair rolling dips to ensure dewatering road surface prior to the 2020-21 winter season. Furthermore, the forest manager stated that FME is assessing other roads prior to the winter season in the THP to ensure that erosion and sediment discharge to streams is minimized. Site visits during the 2020 audit did not reveal any problems regarding seasonal road closures nor damage to erosion control structures on these seasonal roads. Based on the guidance provided to management personnel, removal of berms at the specific roadwork identified in 2019, planned additional road maintenance and assessment activities in the THP, and outcomes of the site visits to seasonally closed roads during this year's audit, closure of this finding is warranted.
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.8
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.6.a

<table>
<tr><td colspan="2">Background/Justification:
There exists on the FME several examples of users with specific use rights. These include, but are not limited to, cellular or other communications sites, upcoming development of wind generation facilities, and grazing leases. The audit team clarified via interviews with FME management and staff that the FME has not requested pesticide use from or placed pesticide use restrictions on these users. Review of the grazing lease for the McGinnis Creek Ranch determined that the lease does not address the use of pesticides.</td></tr>
<tr><td colspan="2">Observation:
The FME should collect information on the use of pesticides by the users with specific rights of use on the FME. The leases must contain a requirement to assure that the use of pesticides is reported and that the FME reviews proposed usage to assure that no products on the FSC list of Highly Hazardous Pesticides are used.</td></tr>
<tr><td>FME response
(including any evidence submitted)</td><td>All leases that were renewed prior to this audit included the requirement to report any pesticide use to the Companies. As leases are renewed, the requirement to include pesticide use will be included.</td></tr>
<tr><td>SCS review</td><td>Audit Team reviewed FME’s written response, conducted interviews with management personnel, and reviewed an example of an equipment storage lease with the new requirement for reporting pesticide use. The lease includes the requirement, “Forest Stewardship Council Certification Pesticide Policy Compliance. Lessee shall, at all times, observe and comply with FSC Pesticides Policy (https://fsc.org/en/document-center/documents/374). Lessee will not use any pesticides listed as ‘Prohibited’ and report annually usage pounds used, active ingredient, location, and reason for use of any pesticide listed (Exhibit B).” Exhibit B is the complete FSC Lists of highly hazardous pesticides (FSC-POL-30-001a, dated 1 May 2019). FME personnel explained that this requirement is being added to all agreements for third-party use rights that have a potential for pesticide application.

In an email sent to the Audit Team (dated 9 September 2020), FME personnel stated that they have identified a contact name and number for the state’s public power utility to which a request for this pesticide use reporting requirement will be communicated; that utility is the user group with the greatest potential for pesticide use in easements that it holds on the FMUs. The FME’s asset manager has been tasked with reaching out to the contact.

Earlier this year, FSC released an interpretation clarifying that “a right-of-way or other easement that is located within the boundaries of a certified FMU is subject to FSC pesticide reporting. The names and quantities of pesticides applied, and size of area treated must be included in the certificate holder’s certification report summary of quantitative pesticides data. If the areas are excised from the scope of the certificate following FSC-POL-20-003, then the certificate holder is not required to report pesticide application in these areas” (INT-STD-20-2007a_03, dated 3 April 2020). Since the FME is actively seeking information on pesticide use from users holding rights on the FMUs, as required under this FSC interpretation, closure of this finding is warranted.

The Audit Team has recommended in Appendix 4 of the Confidential Appendix audit report under “Special Instructions or Scoping Notes for Next Regularly</td></tr>
</table>

	Scheduled Annual Audit" for the 2021 auditors to ask for an update on the FME's attempt to have state's public power utility report pesticide use on easements it holds on the FMUs.
Status of OBS	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.9
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.6.b
Background/Justification: The FME has developed a *Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan*, with the final version adopted in July 2019. This plan is overall an excellent document and addresses the FSC standards well. The audit team did have some concerns over the projections presented in Table 1 of the plan. Table 1 shows predicted total herbicide usage in pounds of active ingredient per year over multiple model 10-year planning periods. Herbicide usage on the companies' forestlands is projected to decrease by 50% in the next modelled harvest period (Period 4). As time goes on, predicted herbicide usage continues to decline until it reaches a somewhat consistent level. The plan states that, barring new technologies or treatment methods, herbicide treatments are expected to continue as part of forest management. The plan also states that the company is wholly committed to continuing to investigate alternatives and investigate creative ways to reduce total usage. Clarification of the ongoing lower level of use is needed to explain that the use would be expected to continue to control invasives and for restorative forestry activities, and the levels projected are more of a guideline for expected maximums rather than a specific plan for level of use.	
Corrective Action Request: The FME has developed and adopted a *Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan* to address pesticide use on the FME. This document addresses most of the concerns regarding future use of pesticides on the FME; however, the statements in the text and the numbers presented in Table 1 do not reflect the results of the required analysis of options for, and the effects of, various chemicals and non-chemical pest control strategies, with a stated goal of reducing or eliminating chemical use. These analyses should be conducted.	
FME response *(including any evidence submitted)*	Ongoing level of use post reduction (lower level of use) will be utilized for control of invasives and restorative forestry activities. It is possible that additional alternatives or tools will result in further reductions in herbicide usage, but Companies will not project that type of reduction until it is proven viable.

SCS review	Audit Team reviewed FME's written response and interviewed restoration forester with responsibility for overseeing the implementation of the *Vegetation Management Policy, Policy Implementation Plan, and Effectiveness Monitoring Plan* ("VMP"). During that interview, Audit Team clarified the specific inconsistency between Table 1 of the plan and the statements in the text. Restoration forester explained what edits to the document would be completed in order to address the specific issue identified in 2019. An updated draft VMP (V1-2) was provided to Audit Team on 9 September 2020. The VMP shows a great reduction for the next 15 years (through 2035) and then a lower steady state, and the company's commitments now include a stronger statement on the continued use of herbicides for control of invasives. These edits improve the accuracy and consistency of Table 1 and the text in the VMP, thereby justifying closure of this finding.
Status of OBS	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.10
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 9.1.b
Non-Conformity: The FME recently conducted a reassessment of HCVs in the Mattole watershed. The audit team was provided a copy of this report, *Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies*, dated 3 July 2019. The audit team's review of this document found that there was no mention of the specifics of the required consultation in developing the assessment of areas that meet the definition of HCVs with qualified specialists, independent experts, and local community members. Since the report was published, consultation has occurred with some local community members (specifically, members of the LCL). While this non-conformity was detected in the Mattole River watershed on the HRC FMU, in the judgment of the audit team, the problem exists at the scale of both FMUs.	
Corrective Action Request: For the purpose of assuring the effective identification of areas possessing high conservation values on the FMUs, the FME must conduct and/or document a wider consultation with qualified specialists, independent experts, and community members (including relevant indigenous tribes in the region) who have not yet been consulted to date.	

FME response *(including any evidence submitted)*	To ensure a clear response regarding Findings 2019.10 and 2019.11, MRC and HRC staff convened a virtual meeting with SCS Global Services on 17 April 2020. During this meeting, SCS staff clarified that the intent of Finding 2019.10 was to ensure consultation with experts occurred in advance of the actual HCVF assessment to be utilized for revising the process of assessment for both FMUs. Following this clarification, MRC and HRC staff developed a focused list of six local and regional experts to consult on the process. Experts were from cooperative extension, industry, environmental, and community non-profit sectors.[2] A discussion document that outlined a proposed process for MRC and HRC to use for the evaluation was prepared. It included questions asked of all experts in advance of revising and updating the HCVF assessment. MRC and HRC staff also contacted the FSC-US office to determine if new sources of information for HCVF assessments was available. The office provided an updated list of Best Available Information (BAI) from the new draft HCVF assessment being developed for the revised National Forest Stewardship Standard (standard due to be released for public review in late 2020). The BAI were added to the revised process document that staff put together for development of the HCVF assessment. On April 27th 2020, HRC-MRC management personnel sent emails with the HCVF assessment process documentation to the identified local and regional experts. Management personnel then conducted virtual meetings with two of the experts to clarify the objectives of the request. Feedback was requested by May 8th 2020. While this was ongoing, a sixth expert from the academic sector was asked to provide feedback on the process. HRC-MRC management personnel spoke with this expert to discuss the request for expert review on the process for derivation of the Mattole High Conservation Value Forests. The expert limited their input to HCVFs in the Mattole River Watershed. Five of the six experts provided written responses on the process. This consultation process resulted in modifying the HCVF assessment process to include (1) FSC US Controlled Wood Risk Assessment for the United States to determine if potential HCVFs have been assessed at a regional level; and (2) publicly available LiDAR data to assess dense areas of tall trees for potential old growth stand characteristics. The pre- and post-expert review HCVF assessment methodologies, draft BAI for HCVs from FSC-US, and written input from the experts consulted were provided to SCS Global Services.

[2] The names, positions, and affiliations of experts consulted were provided to SCS Global Services but have been redacted to comply with FSC privacy policy.

SCS review	The Audit Team reviewed FME's written response, written input from experts, and both the pre- and post-expert review HCVF assessment methodologies. Key personnel involved in the expert consultation process were also interviewed. Review of the supplied materials verified that the FME has consulted with experts on the methodology for identifying areas possessing high conservation values. Based on the expert input, the company made substantive improvements to the methodology. These steps demonstrate conformance with Indicator 9.1.b; as such, closure of the finding is warranted. The Audit Team notes that indigenous tribes in the region were not included in the expert consultation process. Such consultation is not required by Indicator 9.1.b; however, a new finding has been raised pertaining to tribal consultation with respect to the HCVF assessment results (see **Finding 2020.4**).
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.11
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 9.2.a
Non-Conformity: The FME recently conducted a reassessment of the HCVF in the Mattole watershed. The audit team was provided a copy of this report, *Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies***,** dated 3 July 2019. The audit team's review of this document found that there was no mention of the specifics of the required consultation with qualified specialists, independent experts, and local community members to confirm that proposed HCVF locations and their attributes have been accurately identified, and that appropriate options for the maintenance of their HCV attributes have been adopted. Since the report was published, consultation has occurred with some local community members (specifically, members of the LCL). While this non-conformity was detected in the Mattole River watershed on the HRC FMU, in the judgment of the audit team, the problem exists at the scale of both FMUs.	

Corrective Action Request: The FME must conduct and/or document a wider consultation with qualified specialists, independent experts, and local community members who have not yet been consulted to confirm that the proposed HCV locations and their attributes on the two FMUs have been accurately identified and that appropriate options for the maintenance of their HCVF attributes have been adopted.	
FME response *(including any evidence submitted)*	MRC and HRC began our revised High Conservation Value Forest (HCVF) assessment process by developing and reviewing assessment progress with experts (see response to Finding 2019.1) in April and May of 2020. After receiving feedback from that process, Companies completed the revised HCVF assessment in June of 2020. On July 2, 2020, MRC sent 44 stakeholders a request for input related to that High Conservation Value Assessment. Included in the evidence file for this finding are: (1) e-mail to stakeholders requesting input, (2) HCVF assessment for input; (3) stakeholder input report; (4) the final HCVF assessment; and (5) the e-mail sent to stakeholders who participated with final assessment and input report. The entire HCVF assessment process (expert and stakeholder consultation, data analysis and ground truthing, management review, etc.) involved numerous staff over an approximately 3-month timeframe. Conservatively, at least 360 person-hours were spent on the assessment.

SCS review	Audit Team reviewed FME's written response, interviewed key personnel involved in the stakeholder consultation process, and reviewed the documents described above, including the final HCVF assessment. Audit Team also received copies of input that had been provided to FME regarding the HCVF assessment directly from stakeholders and spoke with several on the phone as part of the audit. FME has made substantial improvements in its stakeholder consultation process in the last year as part of the latest HCVF assessment. The stakeholder consultation process was more systematic and included a larger number of stakeholders representing a broader range of interests than had occurred during the Mattole River Watershed HCVF assessment conducted in 2019 (see *Mattole River Watershed High Conservation Value Forest Assessment Mendocino-Humboldt Redwood Companies***,** dated 3 July 2019). Of the 44 stakeholders who were sent the HCVF assessment this year, they received input from 16 people; FME summarized the input and provided written responses to each relevant topic of input. Of particular note, as part of this year's HCVF assessment of the two FMUs, FME personnel made a concerted effort to reach out to Native American tribes in the region; this communication appears to have contributed to input on the HCVF assessment from two tribes and, potentially, additional input from tribes in the future. The steps that the company followed to seek conduct and document a wide consultation with qualified specialists, independent experts, and local community members, to confirm the accuracy of proposed HCV locations and options for the maintenance of HCV attributes have been completed as required by this CAR, thereby justifying closure of this finding. However, a new Observation has been raised pertaining to the results of the HCVF assessment vis-à-vis identification of forests or areas critical to local tribal communities' traditional cultural identities (see **Finding 2020.4**).
Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.12
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FME CAR/OBS issued to (when more than one FME):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 9.3.b
Background/Justification: During the site visit to the designated HCV in the Mattole watershed, discussion took place about potential operations in the designated HCV. The FME must confirm prior to such actions that the actions are consistent with the operational plans described for the HCV and that the proposed actions are designed to maintain or enhance the high conservation values and the extent of the HCV. The FME is currently in conformance with this indicator, so only an OBS has been issued.	
Observation: Any planned management activities in an HCV should be designed to maintain or enhance the high conservation values and the extent of the HCV.	
FME response *(including any evidence submitted)*	See MRC's and HRC's revised and final HCVF assessment. Attached as evidence in this file as well.
SCS review	The Audit Team reviewed the HCVF assessment and interviewed management personnel. The document, *High Conservation Value Forest Assessment*, resulting from the assessment and consultation processes described in **Findings 2019.10** and **2019.11**, includes management prescriptions for each identified HCVF. Those prescriptions—along with information sources consulted, assessment processes and results, and monitoring plan—for each identified HCVF are described in the section entitled "Structure of this assessment" beginning on page 21. Appendix B, "List of all identified HCVFs, management prescriptions, and monitoring plans" (beginning on page 57) also includes the management prescriptions for each identified HCVF, along with a description of the HCVF, acres delineated, and monitoring plans. The management prescriptions outlined in the HCVF assessment maintain or enhance the high conservation values and the extent of the HCV, as required by Indicator 9.3.b, thereby justifying closure of this finding.
Status of OBS	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.13
Select one: ☒ **Major CAR** ☐ **Minor CAR** ☐ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☒ Other deadline (specify): 30 November 2019
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.6.e

Non-Conformity:

During the 2018 audit, FME personnel acknowledged that monitoring activities to assess the efficacy and possible collateral effects of chemical herbicide use are informal and largely anecdotal. Consequently, a Minor CAR was issued during that audit (see **Finding 2018.9**). In response, HRC-MRC provided a plan for silviculture monitoring to be conducted in 2019 entitled *2019 Silviculture Monitoring Plan*.

The 2019 audit team reviewed the *Silviculture Monitoring Plan* and the *Vegetation Management Plan* (referred to in **Finding 2018.4**), as well as interviewed FME management and staff who developed those plans. The *Silviculture Monitoring Plan* describes a study to be initiated in 2019 in which the companies will evaluate how different herbicide regimes influence seedling growth response and competing vegetation development.

Pages 28-31 of the *Vegetation Management Plan* describe the companies' vegetation management effectiveness monitoring plan. Under this plan, the FME's management team will annually determine which monitoring programs to implement in that year. This will be based on which provide "the best value to the business and the resource" (page 29). Companies will also annually monitor the effectiveness of herbicide treatments in the previous year. Potential monitoring programs outlined in the plan include monitoring associated with pre-submittal of THP silviculture prescriptions, stocking surveys, free-growing surveys, harvesting, herbicide treatment for site preparation, seedling production, seedling storage and transportation, planting, and planted stand performance.

While the FME has designed and documented a structured/focused monitoring program for understanding the effects of chemical herbicide use on the two FMUs, the plan has not yet been implemented as required by the CAR. As a result, the finding was upgraded to a Major CAR.

Corrective Action Request:

HRC-MRC must implement a structured/focused monitoring program for understanding the effects (intended and unintended) of chemical herbicide use on the two FMUs, as outlined in the companies' *Silviculture Monitoring Plan* and *Vegetation Management Plan*.

FME response *(including any evidence submitted)*	Installation of herbicide treatment plots was fully completed on 10 October 2019. As described in the *2019 Silviculture Monitoring Plan*, ten plots were installed across the two FMUs. A map showing the location of each plot was produced and provided to SCS, along with a spreadsheet with the coordinates and other information for each plot. Photos of two of the plots were also provided. The *Silviculture Monitoring Plan* was updated to include information on the ten plots.

SCS review	During a phone call between the 2019 Lead Auditor and FME on 3 October 2019, FME clarified that annual planning for herbicide monitoring described in the *Vegetation Management Plan* (VMP) will occur in December/January to assure that there is a plan in place by the 28 February 2020 deadline stated in the VMP. The Lead Auditor reviewed documentation provided by the FME: (1) updated *2019 Silviculture Monitoring Plan*; (2) map showing the location of each installed plot; and (3) spreadsheet with the coordinates and site-specific information for each plot. A review of this documentation confirmed the installation of treatment plots for monitoring the efficacy of herbicide treatments. While the purpose of each plot was unclear from the spreadsheet, in a follow-up phone call with FME management personnel on 18 October 2019, it was confirmed that each 0.5-acre plot is a control plot on which no herbicide treatment will be applied. The unit in which each plot was placed will be treated with typical site preparation herbicide regimes used by the companies, enabling the efficacy of herbicide treatments vs. no treatment to be evaluated. Through clarification of the timeline for annual planning for herbicide monitoring, as well as reviewing the documentation for the 2019 silviculture monitoring plots, the FME has demonstrated that a structured/focused monitoring program for understanding the effects of chemical herbicide use on the two FMUs has been initiated. The expectation of the CAR is that the FME would design and make substantive progress on initiating the implementation of the plan with the expectation that it will be fully implemented over a longer timeframe. As such, closure of the CAR is warranted.
Status of CAR	☒ Closed on 18 October 2019[3] ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2019.14
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 9.3.a

[3] The 2020 Audit Team also visited a pair of plots that are part of this monitoring plan. See field notes for Site 8 (Stafford Right THP, Mattole Tract, HRC FMU).

Non-Conformity: During the 2018 evaluation, Audit Team noted that management plans and relevant operational plans should describe the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas, including the precautions required to avoid risks or impacts to such values. An OBS was issued (see **Finding 2018.12**). In response to the OBS, MRC/HRC acknowledged the weakness and provided an update in the Long Ridge HCVF management section of the HCVF assessment. FME management and staff acknowledge that the most appropriate time to outline measures to assure maintenance and/or enhancement of all HCVs will be during the consolidation of the HRC and MRC forest management plans, which is planned for 2020. Since no action to address this OBS has occurred except for an update to the Long Ridge HCV management section of the HCV assessment, and since the 2020 consolidation of the FMPs is the most appropriate time to address this weakness, the OBS was upgraded to a Minor CAR.	
Corrective Action Request: HRC-MRC's management plan and relevant operational plans shall describe and implement the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified HCVF areas across both FMUs.	
FME response *(including any evidence submitted)*	See MRC's and HRC's revised and final HCVF assessment.
SCS review	The Audit Team reviewed the HCVF assessment and interviewed management personnel. The FME's forest managers stated that the consolidation of the HRC and MRC forest management plans is in process and that a draft consolidated FMP is in review. Once adopted, that plan will serve as the central organizing document for the suite of materials and operational plans that together guide management on the FMUs. Review of the HCVF assessment verified that it includes management prescriptions for each identified HCVF (see **Finding 2019.12**). Those prescriptions—along with information sources consulted, assessment processes and results, and monitoring plan—for each identified HCVF are described in the section entitled "Structure of this assessment" beginning on page 21. Appendix B, "List of all identified HCVFs, management prescriptions, and monitoring plans" (beginning on page 57) also includes the management prescriptions for each identified HCVF, along with a description of the HCVF, acres delineated, and monitoring plans. The management prescriptions outlined in the HCVF assessment maintain or enhance the high conservation values and the extent of the HCV. As the HCVF assessment includes the measures necessary to ensure the maintenance and/or enhancement of all high conservation values, and the assessment is considered to be part of the set of materials that comprise the FMP, closure of this finding is justified.

Status of CAR	☒ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

4.4 New Corrective Action Requests and Observations

	Finding Number: 2020.1[4]
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional, though strongly recommended ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 4.1.d
Background/Justification: The absence of company or contracted lookouts or patrolmen on site when there is active falling, hauling and roadwork on the Company's landholdings in the Mattole Watershed can and has led to heightened risks to human safety due to trespass and disruption of timber falling by activists. Such incidents create a serious safety hazard to both the protestors and company/contractor forestry crews, as happened in the Rainbow Ranch THP on November 4, 2019.	
Observation: There is an opportunity for HRC/MRC and the company's contract timber operators to more consistently and effectively employ due diligence regarding human safety when conducting field operations, e.g., posting signage, blocking roads, calling out prior to falling a tree and, in areas of contention and civil disobedience, deploying lookouts or patrolmen.	
FME Response *(including any evidence submitted)*	
SCS review	
Status of OBS	☐ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

[4] Findings 2020.1 – 2020.3 resulted from a Special Audit Investigation Report of Humboldt Redwood Company (audit report date: 30 January 2020; revision date: 26 February 2020) conducted by Dr. Robert Hrubes.

	Finding Number: 2020.2
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional, though strongly recommended ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 7.1.q
Background/Justification: The Company's "EHS contractor booklet" (AKA manual) does not present the appearance of a finished and current policy document. There is no cover page nor is there any indication as to the date of last revision. The electronic file name indicates a date of last revision as February 7, 2011. There are Microsoft Word ("Track Change") text and format edits made by a former HRC employee who has not worked for the company for several years. It appears that this document was last revised 9 years ago.	
Observation: To better demonstrate its commitment to safe working conditions for employees and contractors, the Company should review, update and finalize (including a release date) the EHS Contractor Booklet/Manual.	
FME response *(including any evidence submitted)*	
SCS review	
Status of OBS	☐ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2020.3
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional, though strongly recommended ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 4.2.b
Background/Justification: The video footage and still photos taken on November 4, 2019 by the Earth First protestors and conveyed to SCS reveal that a Lewis Logging faller was wearing neither hand nor eye protective gear while felling a tree with a chainsaw, in apparent violation of both HRC/MRC's Environmental Health and Safety Contractor Manual (page 9) as well as the Logging Contract (page 5) for Lewis Logging's	

work on THP 1-19-00029HUM Rainbow Ranch, Mattole Tract H657T. In the absence of further evidence, it is not possible to determine if this is an isolated lapse in safety practices. As such, this Finding is raised as an Observation/Opportunity for Improvement.
Observation: HRC should take appropriate actions to assure that contract loggers are properly following all stipulated health and safety practices articulated in Logging Contracts and the HRC/MRC Environmental Health and Safety Contractor Manual.

FME response *(including any evidence submitted)*	
SCS review	
Status of OBS	☐ Closed ☐ Upgraded to Major ☐ *Other decision (refer to description above)*

	Finding Number: 2020.4
Select one: ☐ **Major CAR** ☐ **Minor CAR** ☒ **Observation**	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☒ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 9.1.a

Background/Justification:

On 2 July 2020, as part of updating its High Conservation Value Forest (HCVF) assessment, the FME sent 44 stakeholders a written request for input regarding the possible presence of high conservation values with a 31 July 2020 deadline for responses. This consultation process was intended to confirm that proposed HCV locations and their attributes on the two FMUs had been accurately identified and that appropriate options for the maintenance of HCVF attributes had been adopted, as required by Indicator 9.2.a (see closed **Finding 2019.11**). In addition to sending a written request for input, FME management personnel reached out via telephone to the five Native American tribes included in the stakeholder outreach.

The consultation process resulted in input on the HCVF assessment from 16 stakeholders representing adjacent landowners, environmental groups, regulators, experts, local community members, and others. Two Native American tribes also provided written responses. During phone calls and follow-up emails, FME informed the three tribes who had not responded that HRC-MRC would work with them when they are able to review the HCVF and that ongoing consultation could occur after 31 July 2020, but that consultation would not be included in the HCVF assessment presented during the upcoming FSC surveillance audit.

The Audit Team interviewed FME key personnel involved in the stakeholder consultation process and reviewed documents associated with the stakeholder consultation process: email to stakeholders requesting input, dated 2 July 2020; *HCVF Evaluation: Stakeholder Input and Assessment Report*,

dated 12 August 2020; pre- and post-stakeholder consultation HCVF assessments; and email distributing the *Stakeholder Input and Assessment Report* and final *HCVF Assessment Report*, dated 17 August 2020. The Audit Team also received copies of input that had been provided to FME directly from some stakeholders. The Audit Team also spoke with several stakeholders on the phone as part of the audit, including one of the tribes.

In reviewing the input of stakeholders as summarized in the final HCVF assessment report, the Audit Team found an inconsistency between the responses received from tribes and the assessment report's determination for HCV Type 6, as well as in the final assessment report itself for HCV Type 6. Per *FSC-US Forest Management Standard*, V1.0, dated 8 July 2010, HCV Type 6 are "Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities)." Input from tribes included identification of several attributes on the FMUs that may qualify as HCV Type 6, including prehistoric ceremonial, religious, village and gathering, and traditional pilgrimage attributes, among others.

However, Table 2 of the final HCVF assessment report states that no HCV Type 6 have been identified:

- In response to the HCVF framework question 6.1 (Does all or part of the FMU contain specific forest area that is critical to the tribe and local community's cultural identity?), FME indicates no such HCV present and states as the rationale, "Companies assessed tenure and use rights for local community members and Native Americans and assessed that since the property has been closed to the public since the 1950s – it does not contain specific forest area critical to the local community's cultural identity. More specific evidence is provided regarding tribal interests in the area in the detailed assessment section" (Page 12).

- In response to the HCVF framework question 6.2 (Are significant cultural features created intentionally by humans present?), FME indicates no such HCV present and states as the rationale, "There are no significant cultural features in the Companies forestlands. There are, however, many prehistoric sites that are provided protection in consultation with any interested tribal entities" (Page 13).

The final HCVF assessment report does acknowledge that "Companies' received input from two tribes indicating there was further work to do in assessing potential cultural site of significance that would raise to the level of HCVF. Companies' staff also spoke to two other tribal representatives who were interested in providing additional feedback. To ensure appropriate consultation occurs, Companies' will continue to work with local tribes who have expressed interest in consultation before completing a final assessment" (Page 50). A similar statement occurs in the stakeholder input document (Page 5).

Based on the input of tribes received by the FME to date and the above statements in the HCVF assessment and stakeholder input documents, there is a disconnect between the statements provided by tribal stakeholders and the conclusion reached in the HCVF assessment as to whether HCV 6 exists on the FMUs. Because the issue relates more to the identification of HCVs rather than consultation, this finding is raised against 9.1.a., which covers HCV identification, rather than against the consultative requirements in Principle 9, and is graded as an Observation.

Observation: FME must identify and map areas on the FMUs, if any, that qualify as HCV Type 6 on the FMUs. This process of identifying potential HCV Type 6 areas should be completed in a manner consistent with the assessment process, definitions, data sources, and other guidance described in Appendix F of *FSC-US Forest Management Standard*, V1.0, dated 8 July 2010.	
FME response *(including any evidence submitted)*	
SCS review	
Status of OBS	☐ Closed ☐ Upgraded to Major ☐ Other decision *(refer to description above)*

	Finding Number: 2020.5
Select one: ☐ **Major CAR** ☒ **Minor CAR** ☐ **Observation**	
FMU CAR/OBS issued to (when more than one FMU): MRC FMU	
Deadline	☐ Pre-condition to certification/recertification ☐ 3 months from Issuance of Final Report ☒ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 6.5.b

Background/Justification:

During site visits, the Audit Team observed a thick layer of fine, silty dust on the mainline haul road for Castle Gardens THP on the MRC FMU. The THP was active, with log trucks and other traffic causing large quantities of airborne particles. These particles have the potential to affect the health of people and plants, as well as contribute to sedimentation.

California is in a multi-year drought, and the 2020 summer has been particularly dry on the MRC FMU. This lack of moisture has contributed to the dusty road conditions and significantly reduced the availability of drafting sites on the FMU. As a result, FME has been purchasing water from other landowners and trucking it to holding tanks near the THP, which the LTO then uses for dust abatement.

Interviews with FME foresters and the LTO revealed that 8k gallons are being provided to the LTO by the FME every two days for dust abatement, which is far under the 12-14k gallons per day that in normal years would be provided. According to FME foresters, additional water could be brought onsite at an additional cost.

While the Audit Team recognizes the challenges of operating in a drought, it is clear that the volume and frequency of road watering on the mainline haul road is insufficient and should be rectified in order to ensure continued compliance with Best Management Practices (BMPs). This finding is graded as a Minor CAR because it was the only non-conformity for detected for BMP implementation during the 2020 audit.

Observation: To ensure continued conformance of meeting or exceeding BMPs on the Castle Gardens THP on the MRC FMU, the FME shall improve dust abatement on the mainline haul road for the harvest.	
FME response *(including any evidence submitted)*	
SCS review	
Status of CAR	☐ Closed ☐ Upgraded to Major ☐ Other decision *(refer to description above)*

	Finding Number: 2020.6
Select one: ☒ **Major CAR** ☐ **Minor CAR** ☐ **Observation**	
FMU CAR/OBS issued to (when more than one FMU): HRC FMU	
Deadline	☐ Pre-condition to certification/recertification ☒ 3 months from Issuance of Final Report ☐ 12 months or next regularly scheduled audit (surveillance or re-evaluation) ☐ Observation – response is optional ☐ Other deadline (specify):
FSC Indicator	FSC-US Forest Management Standard (v1.0), Indicator 1.1.a
Non-Conformity: The Habitat Conservation Plan (HCP) for the HRC FMU requires that the company and wildlife agencies review the watershed analyses on the FMU every 10 years to determine whether prescriptions are adequate (see Section 6.3.2.3 of HCP: "Peer Review, Monitoring, and Revisitation," Item 4). Of the eight watershed analyses that have been completed for the FMU, five are overdue for review, as required by the HCP. Watershed analysis are overdue for Van Duzen (original analysis completed in 2002, review expected to occur in 2020), Lower Eel/Wel Delta (original analysis completed in 2004), Upper Eel/Larabee (original analysis completed in 2007), Bear River (original analysis completed in 2008), and Yager/Lawrence (original analysis completed in 2008). These dates and overdue review delays were verified through an examination of current watershed analyses, interviews with regulatory agencies, and email correspondence with FME personnel. Given that more than half of the analyses are overdue for revision, and have been overdue for several years, this finding is graded as a Major CAR.	
Corrective Action Request: Forest management plans and operations shall demonstrate compliance with all applicable federal, state, county, municipal, and tribal laws, and administrative requirements (e.g., regulations), including completion of reviews of watershed analyses every 10 years, as required by the HCP for the HRC FMU. The FME must present a corrective action plan that demonstrates the steps needed to address the needed revisions.	
FME response *(including any evidence submitted)*	

SCS review	
Status of CAR	☐ Closed ☐ Upgraded to Major ☐ Other decision *(refer to description above)*

5. Stakeholder Comments

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

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

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used.

5.1 Stakeholder Groups Consulted

Principal stakeholder groups are identified based upon results from past evaluations, lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources. Stakeholder groups who are consulted as part of the evaluation include FME management and staff, consulting foresters, contractors, lease holders, adjacent property owners, local and regionally-based social interest and civic organizations, purchasers of logs harvested on FME forestlands, recreational user groups, tribal members and/or representatives, members of the FSC National Initiative, members of the regional FSC working group, FSC International, local and regionally-based environmental organizations and conservationists, and forest industry groups and organizations, as well as local, state, and federal regulatory agency personnel and other relevant groups.

5.2 Summary of Stakeholder Comments and Evaluation Team Responses

The table below summarizes the major comments received from stakeholders and the assessment team's response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

☐ *FME has not received any stakeholder comments from interested parties as a result of stakeholder outreach activities during this annual evaluation.*	
Summary of Stakeholder Comment	**SCS Response**

The SCS Audit Team was provided with numerous stakeholder comments that were also submitted directly to the FME in response to its request for input on the recently completed HCVF reassessment on the two FMUs. These comments covered a variety of topics, although they were primarily focused on the identification and protection of HCVFs on the FME's ownerships. Areas that stakeholders stated need identification as HCVs include old growth, RTE species habitat, high prairie mountain systems, and culturally significant areas, among others.	These comments are tied with a formal request for consultation as part of a recently completed reassessment of HCVFs on the FMUs. Consultation with qualified specialists, independent experts, and local community members who had not yet been consulted was required by a non-conformity issued last year (**Finding 2019.11**). In the last year, the FME demonstrated substantial improvements in its stakeholder consultation process through the HCVF reassessment. Consultation was systematic and included reaching out to 44 stakeholders representing a broad range of interests; the FME received written input from 16 people. The FME summarized this input and provided written responses to each relevant topic, which was then distributed back to the stakeholders. The audit team has, however, identified an area for improvement regarding the identification of Type 6 HCVs. Type 6 HCVs are defined as forests or areas critical to local communities' traditional cultural identity. The audit team identified an inconsistency between the areas identified as HCVFs in the reassessment and the input of tribal stakeholders. A detailed description of the HCV consultation is described in an Observation that was issued (**Finding 2020.4**).
The SCS Audit Team received stakeholder comments about the merits of the Moonshine THP (1-20-00057HUM), including allegations of clerical errors and inaccurate data in the THP. These comments indicated that more specific evidence was being gathered about these allegations and would be submitted to SCS once compiled.	Stakeholder comments submitted to date about the Moonshine THP are filed in SCS records, and any additional evidence received will also be filed. Site visits during this year's audit included ones in the Moonshine THP; there were no issues with on-the-ground conformance to the standard identified in the THP. Because stakeholders are in the process of gathering more specific evidence about these allegations, the audit team recommends that

	SCS investigate these concerns during the 2021 annual surveillance audit. In this year's audit report, the Confidential Appendix 4 (Required Tracking) includes the recommendation that the 2021 audit team investigate this issue once additional evidence is provided by stakeholders.
The audit team was alerted to the fact that several of the watershed analyses required by Habitat Conservation Plan (HCP) for the HRC FMU are overdue. The HCP requires that watershed analyses be completed every 10 years to determine whether prescriptions are adequate.	Upon investigation, the audit team determined that that of the eight watershed analyses that have been completed for the HRC FMU, five are overdue for review, as required by the HCP. The audit team has raised a Major CAR regarding these overdue analyses (**Finding 2020.6**).
The question was asked why a non-conformity has not been issued to the FME for its continued use of pesticides despite the 2016 passage of Measure V in Mendocino County. The measure declares trees intentionally killed and left standing (such as through the silvicultural practice of "hack and squirt" or "frilling" of tanoak) to be a public nuisance. This silvicultural practice is regularly used by the FME on its FMUs.	Following the passage of Measure V, MRC challenged the legal application of the ordinance to its land based on the argument that it was preempted by state laws covering agriculture and forestry activities (audit team reviewed letter from the FME to the County of Mendocino, dated 6 July 2016). The county asked the State Attorney General to render an opinion as to legality of Measure V, which included a copy of the MRC letter to the county dated 6 July 2016. On 8 August 2019, the Attorney General formally canceled the opinion request after discovery of the risk of a potential conflict of interest. In early 2020, the Mendocino County Board of Supervisors voted to move ahead with drafting an enforcement plan, while leaving other options open. FME policy personnel participated in a new Board of Supervisors' ad hoc committee on Measure V to find workable solutions that would meet the law while enabling the FME to manage tanoak. The working group met only once, on 29 January 2020, and was disbanded at a December 2020 Board of Supervisors meeting due to Covid-19.

	SCS has determined that this situation does not presently lead to a nonconformance in the FSC standard. FSC certification requires conformance to applicable laws and regulations, but in this case the validity of the ordinance has not been confirmed. Additionally, the county and FME are now actively working together to find a solution. SCS will continue to monitor the case during future evaluations.
The FME was complimented for its investment in forest resource mapping, inventory information, and forest modeling. Stakeholders stated that they are impressed by the FME's commitment to this project and see a shared dedication to the cause throughout all levels of the organization.	The FME continues to make progress on updating its forest inventories, and the HRC and MRC companies continue to make a substantial investment in the project. Forest modelling at the ownership level will occur once the inventories of both FMUs are completed, which is expected within 3 to 4 years. The audit team also observed a common understanding of and dedication to this project among the FME personnel who were interviewed. These stakeholder comments are evidence of conformance for Indicator 8.2.a.1. That indicator requires the maintenance of a forest inventory system.
The FME was complimented for its control of public access to the FMUs. Stakeholders explained that it can be challenging from a resource protection standpoint, but the company carefully controls access, especially in areas with roads that are vulnerable to erosion.	As verified through interviews with FME personnel and a review of daily logs from security patrols and of other internal communications, the FME regularly monitors public access on both FMUs. The FME provides permits for people outside the company so they can monitor access. Additionally, security patrol officers, foresters, and other field personnel report any trespass and illegal activity to their respective forest manager. The FME is also in the process of rolling out a new remote technology to report such incidents using a mobile application. These stakeholder comments are evidence of conformance to Indicator 1.5.a. That indicator

	requires the FME to support or implement measures intended to prevent illegal and unauthorized activities on the certified FMU.
The FME was complimented for ensuring that its employees are regularly trained on technical skills, safety, and public engagement.	This compliment is consistent with the evidence of conformance that the audit team found this year for Indicator 7.3.a That indicator requires that workers are qualified to properly implement the management plan. Review of both forest management plans confirmed that training practices for staff and contractors are described. Review of staff training records also demonstrated compliance, as did interviews with in-woods contractors and the quality of work observed.
Some stakeholders complimented the FME for being "very proactive" and professional in their public and community interactions, including by maintaining local staff in communities located close to their landholdings. Example of stakeholder quote: "I have found the employees to be helpful, responsive and courteous during my interactions with them." However, other stakeholders stated that productive discourse with communities has been in decline for several years.	The professionalism and knowledge of community concerns among FME personnel was observed during the audit team's interactions with the company, contributing to evidence of conformance to Indicator 5.5.a. That indicator which requires that the FME identifies, defines and implements measures for maintaining and/or enhancing forest services and resources that serve public values, including recreation and aesthetics. It is important to note that the FME deals with a wide array of stakeholders, ranging from neighboring landowners to contractors to general members of the community to environmental activists, some of whom have elected to engage in acts of civil disobedience. The appropriate level of, and approach to, engagement is not the same across this wide spectrum of stakeholders. However, the FME has made noteworthy improvements in its stakeholder consultation process in the last year, as demonstrated through the HCVF assessment of the two FMUs (e.g., see **Findings 2019.3** and **2019.11**).

Stakeholders who live near the FME's property noted that they appreciate how the company alerts them to activities in the vicinity and seek their input, as needed.	These comments are consistent with previous years' reports and is evidence of conformance with Indicator 4.4.c. That indicator requires that people who are subject to direct adverse effects of management operations are apprised of relevant activities in advance of the action so that they may express concern. The FME adheres to the California Forest Practice Rules requirement that owners of properties neighboring a THP must be provided with written notice of pending activities. The FME's transparency to the public and its practice of continually communicating with the local community also serves as mechanisms for apprising people affected by management operations.
Concerns were expressed by the potential for increased wildfire risks caused by the FME's use of hack and squirt, which leaves dead tanoak and other undesirable hardwood species standing. Example of stakeholder quote: "My neighbors and I were in total fear of the dead stands of trees on [FME's] land being ignited and if we would make it out in time."	The FME uses herbicides to control brush and hardwood competition with conifer regeneration. The audit team evaluated chemical use on both FMUs through interviews with company personnel, direct observation of sites with herbicide use, and review of chemical application records. The FME does not use any chemicals designated by the FSC as Highly Hazardous. The chemicals are applied according to the laws and regulations of the State of California including taking precautions to protect the health of pesticide applicators and the public. Written prescriptions are prepared and site-specific precautions are taken to both address worker safety as well as to protect non-target species. The FME evaluates all units to be treated for possible fire hazard prior to herbicide treatment. The audit team observed sites in which site-specific management activities were conducted to mitigate fire hazard risk, such as lopping and scattering slash. Buffers between treated sites and adjacent landowners are maintained, and

	the FME is developing fuel breaks in strategic locations to help to control wildfire. Experts who have been consulted in previous audits indicated that the dead and dying tanoak from herbicide treatments does not significantly impact fire hazard. Those previous consultations have shown that, based on fire behavior during wildfires that occurred on the MRC FMU in 2008, there was not a notable difference in fire behavior in adjacent stands of treated vs. untreated with herbicides. In some cases, the fire was easier to control in the treated stands. The leaves of tanoak contain oils that make even a live tree prone to carry fire.
The FSC standard was criticized for not addressing climate change. Using forests as carbon sinks, stakeholders explained, should be an essential component of forest sustainability.	Stakeholders are correct that the FSC-US Forest Management Standard (V1-0) does not directly address climate change, although several indicators do relate to the issue, such as carbon storage (e.g., Indicator 5.5.a). The current version of the International Generic Indicators (FSC-STD-60-004 V2-0), which is the standard upon which national standards such as the US Standard are based, includes an optional annex for companies wishing to make claims of ecosystem services. The ecosystem services annex has a direct relationship with climate change. Although standard developers are not required to include the annex in national standards, a separate procedure has been developed to set out the requirements for FSC-certified forest managers to credibly demonstrate the impact of their activities on the maintenance, conservation, restoration, or enhancement of ecosystem services (FSC-PRO-30-006 V1-0). The FSC-US Forest Management Standard (V2-0) is presently under development, which is expected to more directly address climate change, particularly within the context of ecosystem services.

The FME's standards for road construction and maintenance were held in high regard. Example of stakeholder quote: "[FME] engineers and maintains their roads far better than the average residential users to minimize dust and sediment runoff. They use appropriately sized culverts, rolling dips, dust controls and other similar mechanisms." The FME was also complimented for its roadwork to minimize the impact of forestry operations on water quality. Stakeholders noted the company as being diligent in following permits and of implementing measures such as controlling wet weather hauling; they also quickly fix any situations that may arise. The company was also complimented for its water drafting, road construction, and water crossings standards. Example of stakeholder quote: "By 2021, [the HRC FMU] will have its entire road networked storm proofed." In this context, storm proofed means that it will be able to accommodate a 100-year flood event.	The 2020 audit team examined numerous roads and found nearly all to be in excellent condition. Most were properly constructed and well maintained. The team did find one case of thick layer of fine, silty dust on a mainline haul road at an active site. This was caused by insufficient watering due to the lack of accessible water drafting sites during an extremely dry summer. A Minor CAR was issued (**Finding 2020.5**).
The FME was complimented for its quick response to wildfires on the FMU. The company subscribes to a lightning detection service and sends personnel to these detections to evaluate the situations. One stakeholder stated that this lightning detection and wildfire response benefits surrounding communities.	In addition to lightning detection and wildfire response capabilities, the FME proactively manages fuel loads on the ground, demonstrating conformance with Indicator 6.3.i. That indicator requires the FME to identify and apply site-specific fuels management practices, based on natural fire regimes, risk of wildfire, potential economic losses, public safety, and applicable laws and regulations. The risk of wildfire has been low historically across the FME's coastal properties, while the fire risk on the more inland properties is generally higher. Increases in mean temperatures and altered precipitation patterns from climate change are increasing fire risk throughout California and the rest of the western US, even in coastal counties, as is

	evidenced by the number of particularly large and damaging wildfires in the past few years. This has created a heightened awareness in the public of the dangers of wildfire and the need to reduce fire risk. This heightened awareness has called into attention the hack and squirt method of controlling competing vegetation, especially tanoak. The company policies and plans recognize this and agree that there may be an increase in risk for a short time until the standing material starts to breakdown. After that period, they believe the fire risk is actually lowered due to decreased fuel loading. The company's Vegetation Management Policy (V1-0) include a section specifically on fuel reduction treatments on page 21: "The companies must consider existing and future fire hazard when deciding where to make vegetation management investments. Factors such as public road access, neighbors, adjacent fuel types that inherently have a high risk of fires, and power lines increase fire hazard. When deciding among equal treatments, priority should be given to those projects with reduced fire hazard."
A comment was received questioning the FME's lack of engagement on barred owl population control. It is well documented that barred owls are impacting the northern spotted owl (NSO), but the company has not joined other forestry companies on the North Coast that engage in barred owl control.	The impact of barred owls on NSO populations has been documented in the US Fish & Wildlife Service's current Barred Owl Removal Experiment on the West Coast and in other studies. The FME acknowledges these impacts. For example, in 2018 the reasons that the HRC FMU did not meet NSO management objectives for the number of breeding pairs nor the reproductive rate in the HCP, based on analysis by company biologists, is likely because of increasing numbers of barred owls. The presence of barred owls is known to reduce the effectiveness of calling NSOs and displace NSOs from preferred high-quality habitat. These are trends seen on other ownerships in the region.

	In 2017, a Barred Owl Science Team was convened by the California Department of Fish & Wildlife (CDFW) to provide scientific review and recommendations to CDFW to promote the recovery and conservation of the Northern and California Spotted Owls. This year, a panel will be convened to assess the situation and make recommendations to the agency. Presently, the FME's policy is to allow agencies to conduct barred owl removal on the FMUs, or to conduct barred owl removal itself if specifically directed by wildlife agencies. FME staff have collaborated on studies of juvenile barred owl dispersal and facilitated limited capture of barred owls on MRC timberlands (for the purpose of fitting radio transmitters). FME personnel stated in interviews that the company would support barred owl removal if it becomes a regulatory requirement. The audit team is not in a position to critique a philosophical position taken on a subject such as barred owl removal. However, because barred owls are arguably a non-native invasive species with negative impacts to a threatened native species, Confidential Appendix 4 (Required Tracking) in this year's audit report includes the recommendation that the 2021 audit team investigate this issue further, pending the decisions made by the Barred Owl Panel and CDFW.
The FME was complimented for the high level of public disclosure and self reporting. Policies and reports are available on the FME's website, which is not something that is practiced by many industrial forestry companies.	The FME has a long history of transparency and public disclosure. The company regularly updates its website, which serves as a repository for its forest management plans; policies on silviculture and harvest methods, old growth, herbicides, forest restoration, road management, HCP for HRC FMU, and landscape-level planning, among others; and numerous

	monitoring reports for the HCP and watershed analyses. This is evidence of conformance for Indicator 8.5.a. That indicator requires that either full monitoring results or an up-to-date summary of the most recent monitoring information is maintained and available to the public, free or at a nominal price, upon request.
Concerns were expressed about limiting the hardwood component, especially that of tanoak, on the FMUs. Stakeholders explained that "tanoak is the basis of the web of life" in the area; it provides stability and a food supply for wildlife, and thus it is an important ecological feature on the landscape.	The density of tanoak varies widely across the two FMUs. However, in general, areas that were high-graded by previous owners have unnaturally high densities of tanoak and other hardwoods. In these areas, the current density of hardwoods results in a condition that limits the ability of redwoods and Douglas-fir to achieve desired or historical stocking levels. Without forest management, the FMU would retain the current high proportion of hardwoods, particularly tanoak. The FME acknowledges the ecological importance of these hardwoods, which will always be a major component of the forest under current management regimes. For example, Page 7 of the Vegetation Management Plan explicitly includes a requirement for "foresters to assess all areas with potential for herbicide treatment to maintain ecologically viable hardwood areas that function to maintain or enhance plant species composition, distribution, and frequency of occurrence similar to those that would naturally occur on site. Companies have established a minimum contiguous area of dominant species to qualify for this protection: ten acres for tanoaks and five acres for madrone or chinquapin. The minimum area sizes were determined by Companies' best judgment on size and function of hardwood species areas observed on the landscape, and will be reviewed and revised if

	further information or research indicates a need for revision. The intention of this policy shift is to identify and retain areas of native hardwoods that did not result from previous management actions. If the areas meet the additional criteria listed below; they will remain untreated for the life of the stand." This policy demonstrates conformance with Indicator 6.3.d, which requires the FME to maintain or enhance plant species composition, distribution, and frequency of occurrence similar to those that would naturally occur on the site (in this case, tanoak and other hardwoods).
Stakeholders expressed concerns about the level and type of consultation with Native American tribes on THPs. They explained that in the past, foresters would call tribes to invite that consultation; today, letters are sent and tribal staff are overwhelmed by the number of THPs and they can't examine all of them. A concern was also expressed that there are cultural resources that are recorded in anthropological publications but are not mapped on the state database.	As part of THP planning, foresters search the state archeological database of known cultural sites, conduct on-the-ground surveys, and send letters to relevant tribes to seek input about any other cultural resources. Completion of these activities meets the California Forest Practice Rules. While not specifically related to the THP planning process, the audit team has raised a finding regarding the identification of Type 6 HCVs. (forests or areas critical to local communities' traditional cultural identity). The audit team identified an inconsistency between the areas identified as HCVFs in the reassessment and the input of tribal stakeholders; an Observation was issued (see **Finding 2020.4**).
Concerns were expressed about the FSC certification process for the FME. There was a perception that FSC certification is "greenwashing" that serves to give the FME cover to advance unsustainable forest management. One stakeholder explained that the "[FSC] system puts the burden of proof on the public to show that a company is breaking the protocol."	SCS expends a considerable amount of professional time in the due diligence (auditing) component of the FSC certification process. Further, it employs highly-credentialed auditors with substantial professional experience and direct experience in conducting FSC audits. As with all certification systems, not just FSC and not just in the forestry sector, conformity

	assessment bodies are paid by the entity undergoing a conformity assessment audit. However, there is a rigorous oversight process of the conformity assessment bodies, known as the accreditation process, which assures that audits are conducted without conflicts of interest and with a fastidious focus on confirming conformance (or non-conformance) to the certification standard. The SCS audit teams are expressly required to form judgments on the basis of the FSC-US Forest Management Standard. It is not uncommon that stakeholder input and perspectives are based upon what is believed to be in the Standard or what, in their opinion, should be in the Standard rather than what the normative requirements actually are. The SCS audit team, as well as the leadership of the SCS Forest Conservation Program, rejects the assertion that SCS and/or FSC are engaged in "greenwashing" of this or any other forest management entity. SCS further rejects the assertion that FSC certification is simply something that is purchased. The FSC Standard is rigorous, as are the conformity assessments. Further, all FSC conformity assessment bodies undergo continuous oversight by auditors employed by Accreditation Services International, to assure that audits are conducted with competence and integrity.

6. Certification Decision

The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship Council standards. The SCS annual evaluation team recommends that the certificate be sustained, subject to subsequent annual evaluations and the FME's response to any open CARs.	**Yes** ☒ **No** ☐
Comments:	

7. Annual Data Update

☐ No changes since previous evaluation.	
☒ Information in the following sections has changed since previous evaluation.	
☐ Name and Contact Information ☐ FSC Sales Information ☐ Scope of Certificate ☐ Non-SLIMF FMUs ☒ Social Information	☒ Pesticide and Other Chemical Use ☐ Production Forests ☐ FSC Product Classification ☒ Conservation & High Conservation Value Areas ☐ Areas Outside of the Scope of Certification

Name and Contact Information

Organization name	Mendocino and Humboldt Redwood Companies		
Contact person	Sarah Billig		
Address	PO Box 996 Ukiah, CA 95418	**Address**	PO Box 996 Ukiah, CA 95418
		Fax	
		e-mail	
		Website	

FSC Sales Information

☐ *FSC Sales contact information same as above.*			
FSC salesperson	Adam Steinbuck, Vice President		
Address	PO Box 712 Scotia, CA 95565	**Address**	PO Box 712 Scotia, CA 95565
		Fax	
		e-mail	
		Website	

Scope of Certificate

Certificate type	☐ Single FMU	☒ Multiple FMU
	☐ Group	
SLIMF *if applicable*	☐ Small SLIMF certificate	☐ Low intensity SLIMF certificate
	☐ Group SLIMF certificate	
# Group Members (*if applicable)*	-	
Number of FMUs in scope of certificate	2	
Geographic location of non-SLIMF FMU(s)	*Latitude & Longitude: MRC: 39 deg 10'41.02"N; 123deg 14'18.93"W; HRC: 40 deg 29'00.61"N; 124deg 06'11.55"W*	
Forest zone	☐ Boreal	☒ Temperate
	☐ Subtropical	☐ Tropical

Total forest area in scope of certificate which is:			**Units: ☐ ha or ☒ ac**
privately managed	438,461		
state managed	-		
community managed	-		
Number of FMUs in scope that are:			
less than 100 ha in area	-	100 - 1000 ha in area	-
1000 - 10 000 ha in area	-	more than 10 000 ha in area	2

Total forest area in scope of certificate which is included in FMUs that:	**Units: ☐ ha or ☒ ac**
are less than 100 ha in area	0
are between 100 ha and 1000 ha in area	0
meet the eligibility criteria as *low intensity* SLIMF FMUs	0

Division of FMUs into manageable units:

The two FMUs are divided into management units as follows.

Mendocino Redwood Company FMU
Rockport Coastal: 18,138 ac
Hollowtree: 21,046 ac
North Navarro West: 9,811 ac
Elk Creek: 14,075 ac
Albion: 16,269 ac
Greenwood Creek: 9,882 ac
Garcia River: 15,634 ac
Noyo: 19,346 ac
Big River North: 13,169 ac
Big River South: 14,577 ac
North Navarro East: 13,169 ac
South Navarro West: 14,577 ac
South Navarro East: 17,713 ac
Alder Creek: 10,642 ac
Annapolis: 7,044 ac
Willow Creek; 1,811 ac
Ukiah: 12,989 ac

Humboldt Redwood Company FMU
Mad River: 4,926 ac
Freshwater: 15,537 ac
Elk River: 22,070 ac
Strongs Creek: 4,875 ac
Yager: 19,297 ac
Van Duzen: 22,761 ac
Shively: 14,553 ac
Larabee: 24,085 ac
Eel River: 24,062 ac
McCann: 7,897 ac
Bear River: 16,537 ac

Mattole River: 18,165 ac Lawrence: 14,593 ac

Non-SLIMF FMUs (Group or Multiple FMU Certificates)

Name	Contact information	Latitude/ longitude of Non-SLIMF FMUs	
NA	NA	NA	NA

Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):		
Male workers: 501	Female workers: 25	
Number of accidents in forest work since previous evaluation:	Serious: 1	Fatal: 0

Pesticide and Other Chemical Use (August 2019 to August 2020)

☐ *FME does not use pesticides.*

Commercial name of pesticide / herbicide	Active ingredient	Quantity applied since previous evaluation (gallons)	Total area treated since previous evaluation (acres)	Reason for use
Imanopyralid	Imanopyralid	2	85	Invasive species control
Clopyralid	Clyopyralid	18.3	360	Competing vegetation control and invasive species control
Glyphosate	Glyphosate	133	346.5	Competing vegetation control
Hexazinone	Hexazinone	15	22.5	Control competing vegetation
Imazapyr	Imazapyr	774.75	1312.5	Control competing vegetation
Sulfometuron methyl	Sulfometuron methyl	135.125	58	Control competing vegetation
Triclopyr amine	Triclopyr amine	68.25	190	Control competing vegetation
Triclopyr ester	Triclopyr ester	355	965	Control competing vegetation

Production Forests

Timber Forest Products	**Units: ☐ ha or ☒ ac**
Total area of production forest (i.e. forest from which timber may be harvested)	395,711
Area of production forest classified as 'plantation'	0
Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems	161,517
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	234285
Silvicultural system(s)	**Area under type of management**
Even-aged management	0
Clearcut (clearcut size range: NA)	0
Shelterwood	0
Other:	0
Uneven-aged management	395,711
Individual tree selection	131,903
Group selection	131,903
Other: variable retention, rehabilitation, etc	131,904
☐ Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)	NA
Non-timber Forest Products (NTFPs)	
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	0
Other areas managed for NTFPs or services	0
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	0
Species in scope of joint FM/COC certificate: *Scientific/ Latin Name* (Common/ Trade Name)	
Sequoia sempervirens (redwood); *Pseudotsuga menziesii* (Douglas-fir); *Abies grandis* (grand fir); *Eucalyptus spp*. (Eucalyptus); *Notholithocarpus spp*.(tanoak); *Tsuga heterophylla* (Raf.); and Sarg (western hemlock)	

FSC Product Classification

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

Note: W1, W2, and W3 product groups usually do not require a separate evaluation to FSC-STD-40-004 (COC) if processing occurs in the field for FM/COC and CW/FM certificate types. N1-N10 (NTFPs) are eligible to be sold with FSC claims under FM/COC certification if reported here. Bamboo and NTFPs derived from trees (e.g. cork, resin, bark) may be eligible for FM/COC

and CW/FM certification. NTFPs used for food and medicinal purposes are not eligible for CW/FM certification. Check with SCS if you have any products intended to be sold with an FSC claim outside of any of these categories.

Conservation and High Conservation Value Areas

Conservation Area	**Units: ☐ ha or ☒ ac**
Total amount of land in certified area protected from commercial harvesting of timber and managed primarily for conservation objectives (includes both forested and non-forested lands).*	25,000

**Note: Total conservation and HCV areas may differ since these may serve different functions in the FME's management system. Designation as HCV may allow for active management, including commercial harvest. Conservation areas are typically under passive management, but may undergo invasive species control, prescribed burns, non-commercial harvest, and other management activities intended to maintain or enhance their integrity. In all cases, figures are reported by the FME as it pertains local laws & regulations, management objectives, and FSC requirements.*

High Conservation Value Forest / Areas			**Units: ☐ ha or ☒ ac**
Code	**HCV Type**	**Description & Location**	**Area**
HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	Streamside zones, NSO protected areas, pygmy forest, oak woodland, marbled murrelet habitat, Point Arena mountain beaver habitat	39,475
HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.	Long Ridge	203
HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.	Type 1 and 2 old growth, salt marsh	3,860
HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).	Community water source	23
HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).	-	-
HCV6	Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).	-	-
Total area of forest classified as 'High Conservation Value Forest / Area'			43,561

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

☒ *N/A – All forestland owned or managed by the applicant is included in the scope.*		
☐ *Applicant owns and/or manages other FMUs not under evaluation.*		
☐ *Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.* ***Note**: Excision cannot be applied to CW/FM certificates.*		
Explanation for exclusion of FMUs and/or excision:	NA	
Control measures to prevent mixing of certified and non-certified product (C8.3):	NA	
Description of FMUs excluded from or forested area excised from the scope of certification:		
Name of FMU or Stand	**Location (city, state, country)**	**Size (☐ ha or ☐ ac)**
NA	NA	NA