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

Green Diamond Resource Company

SCS-FM/COC-004169

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CERTIFIED	EXPIRATION
8 Feb. 2013	7 Feb. 2018

DATE OF FIELD AUDIT
06/11-15/2012
DATE OF LAST UPDATE
2/06/2013

Organization of the Report

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

FOREWORD

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

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

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Section A – Public Summary

1.0 GENERAL INFORMATION

1.1 Certificate Registration Information

1.1.1.a Name and Contact Information

Organization name	Green Diamond Resource Company		
Contact person	Gary Ryneerson		
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		e-mail	gryneerson@greendiamond.com
		Website	http://greendiamond.com

1.1.1.b FSC Sales Information

<input type="checkbox"/> FSC Sales contact information same as above.			
FSC salesperson	Stan Reynolds		
Address	PO Box 68 Korbel CA 95550-0068	Telephone	707-668-4488
		Fax	707-668-4402
		e-mail	sreynolds@greendiamond.com
		Website	http://greendiamond.com

1.1.2 Scope of Certificate

Certificate Type	<input checked="" type="checkbox"/> Single FMU	<input type="checkbox"/> Multiple FMU
	<input type="checkbox"/> Group	
SLIMF (if applicable)	<input type="checkbox"/> Small SLIMF certificate	<input type="checkbox"/> Low intensity SLIMF certificate
	<input type="checkbox"/> Group SLIMF certificate	
# Group Members (if applicable)	NA	
Number of FMU's in scope of certificate	1	
Geographic location of non-SLIMF FMU(s)	Latitude & Longitude:	
Forest zone	<input type="checkbox"/> Boreal	<input checked="" type="checkbox"/> Temperate
	<input type="checkbox"/> Subtropical	<input type="checkbox"/> Tropical
Total forest area in scope of certificate which is (ha or ac):		
privately managed	393,105 ac	
state managed		
community managed		
Number of FMUs in scope that are:		
less than 100 ha in area	100 - 1000 ha in area	
1000 - 10 000 ha in area	more than 10 000 ha in area	1
Total forest area in scope of certificate which is included in FMUs that:		

are less than 100 ha in area	
are between 100 ha and 1000 ha in area	
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	
Division of FMUs into manageable units:	
The FMU is separated into two operating areas: the Southern area (Korbel) and the Northern area (Klamath). The FMU is also segregated into 12 separate Hydrologic Planning Areas (HPAs) for the administration of the Aquatic Habitat Conservation Plan.	

1.2 FSC Data Request

1.2.1 Production Forests

Timber Forest Products	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac
Total area of production forest (i.e. forest from which timber may be harvested)	Fee: 388,447 Perpetual Cutting Rights: 3,443 Temporary Cutting Rights: 1,215 Total: 393,105
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	271,749
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	88,661
Silvicultural system(s)	Area under type of management
Even-aged management	
Clearcut (clearcut size range <1-40 acres)	271,749
Shelterwood	0
Other:	0
Uneven-aged management	
Individual tree selection	88,661
Group selection	0
Other: Thinning	1,200 ac (accomplished in 2012)
<input checked="" type="checkbox"/> Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)	non-forest: 11,362 no-harvest reserves: 11,416 roads: 9,917
The sustainable rate of harvest (usually Annual Allowable Harvest or AAH)	Confidential

where available) of commercial timber (m3 of round wood)	
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	NONE
Explanation of the assumptions and reference to the data source upon which AAH and NTFP harvest rates estimates are based:	
<p>Individual stands, consisting of areas that are relatively uniform with respect to species composition, age, and density are delineated in the GIS. Individual estimates of standing inventory are developed for each stand, primarily from timber cruising, stocking surveys, or records from prior owners. The Forest Projection and Planning System (FPS) software, developed and provided by the Forest Biometrics Research Institute (FBRI), is used to compile and store the information about each stand. FPS is a distance-dependent individual tree modeling system that provides detailed stand information including stand and stock tables by species, as well as providing growth projections for each stand. FPS also includes a long-term harvest modeling capability that was used to project growth and harvesting 100 years into the future, in compliance with the "Maximum Sustained Production" requirements of the California Forest Practice Rules (14 CCR 913.11(a)). This is a requirement to demonstrate the Long Term Sustained Yield (LTSY) for the property, which is the value reported to SCS for the AAH. LTSY is defined by the Forest Practice Rules as "the average annual growth sustainable by the inventory predicted at the end of a 100 year planning period."</p>	
Species in scope of joint FM/COC certificate	
Scientific/ Latin Name (Common/ Trade Name)	
<p>Populus trichocarpa (black cottonwood) Acer macrophyllum (bigleaf maple) Umbellularia californica (California-laurel) Pseudotsuga menziesii (Douglas-fir) Chrysolepis chrysophylla (golden chinquapin) Abies grandis (grand fir) Libocedrus decurrens (incense- cedar) Pinus jeffreyi (Jeffrey pine) Pinus attenuata (knobcone pine) Pinus contorta (lodgepole pine) Pinus radiata (Monterey pine) Chamaecyparis lawsoniana (Port-Orford-cedar) Arbutus menziesii (Pacific madrone) Pinus ponderosa (ponderosa pine) Taxus brevifolia (Pacific yew) Alnus rubra (red alder) Thuja plicata (western redcedar)</p>	

Abies magnifica (California red fir)
Sequoia sempervirens (redwood)
Pinus lambertiana (sugar Pine)
Picea sitchensis (Sitka spruce)
Lithocarpus densiflorus (tanoak)
Abies concolor (white fir)
Tsuga heterophylla (western hemlock)
Pinus monticola(western white pine)

1.2.2 FSC Product Classification

Timber products		
Product Level 1	Product Level 2	Species
W1 Rough Wood	W1.1 Roundwood (logs)	All
W1 Rough Wood	W1.2 Fuel Wood	All
W3 Wood in chips or particles	W3.1 Wood chips	All
Non-Timber Forest Products		
Product Level 1	Product Level 2	Product Level 3 and Species

1.2.3 Conservation Areas

Total area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives	22,778 ac		
High Conservation Value Forest/ Areas			
High Conservation Values present and respective areas:	Units: <input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac		
<i>Note: There is considerable overlap in the acreage of HCVs 1 and 3, 1 and 4, and 5 and 6.</i>			
Code	HCV Type	Description & Location	Area
<input checked="" type="checkbox"/> HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	Conservation easement areas (970 acres); Old-Growth forest and marbled murrelet habitat (659 acres); Rattlesnake ridge serpentine habitat (2,098 acres); NSO core areas (4,077 acres); and Class I and II RMZs (102,100 acres)	See description
<input checked="" type="checkbox"/> HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not	Grassland and grass openings (2,576 acres); True oak stands (557 acres); and Mature hardwood (tanoak) stands (615 acres).	See description

		all naturally occurring species exist in natural patterns of distribution and abundance.		
<input checked="" type="checkbox"/>	HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.	Conservation easement areas (970 acres); Old-Growth forest and marbled murrelet habitat (659 acres); Rattlesnake ridge serpentine habitat (2,098 acres)	See description
<input checked="" type="checkbox"/>	HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).	Class I and II RMZs (102,100 acres)	See description
<input checked="" type="checkbox"/>	HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).	Cultural areas	N/A
<input checked="" type="checkbox"/>	HCV6	Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).	Cultural areas	N/A
Total Area of forest classified as 'High Conservation Value Forest/ Area'				113,652 acres

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

<input type="checkbox"/> N/A – All forestland owned or managed by the applicant is included in the scope.		
<input checked="" type="checkbox"/> Applicant owns and/or manages other FMUs not under evaluation.		
<input type="checkbox"/> Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.		
Explanation for exclusion of FMUs and/or excision:	It is Green Diamond's intention to attain FSC certification for our redwood producing timberlands. The most logical division of lands to achieve this is to certify the California timberland ownership. The California timberlands are managed according to a substantially different set of laws and regulations than the WA and OR lands, and the chain of custody tracking is entirely separate from the WA lands.	
Control measures to prevent mixing of certified and non-certified product (C8.3):	The WA and OR tracts are physically separated from the CA timberlands and the chain of custody tracking currently in place is sufficient to separate the CA products from the OR products that are shipped to the same mills.	
Description of FMUs excluded from or forested area excised from the scope of certification:		
Name of FMU or Stand	Location (city, state, country)	Size (<input type="checkbox"/> ha or <input checked="" type="checkbox"/> ac)

Green Diamond Resource Co	Shelton, WA	321,391
Green Diamond Resource Co	Curry County, OR	653
Green Diamond Resource Co	Korbel, CA (Nursery)	22

1.4 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate, differentiated by gender (employment figures are for all company operations in the 3-state area of operation):

450 male workers	44 female workers
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1.5 Pesticide and Other Chemical Use

This table shows pesticide use in 2011.

Commercial name of pesticide/herbicide	Active ingredient	Quantity applied annually (kg or lbs)	Size of area treated annually (ha or ac)	Reason for use
Drexel Atrazine 4L	Atrazine*	412 lbs	133 ac	grass
Element 4	Triclopyr ester	1294 lbs	1391 ac	Brush
Garlon 3A	Triclopyr amine	40 lbs	65 ac	Alder
Nufarm LV6	2, 4-d ester	1783 lbs	1229 ac	Brush
Polaris AC	Imazapyr	162 lbs	144 ac	ceanothus/tanoak
Arsenal	Imazapyr	64	32 ac	ceanothus/tanoak
Polaris sp	Imazapyr	489 lbs	1595 ac	Brush
Chopper Gen II	Imazapyr	286 lbs	739 ac	brush

*NOTE: FME no longer uses Atrazine, which is clearly stated in the Forest Management Plan (FMP).

1.6 Standards Used

1.6.1 – Applicable FSC-Accredited Standards

Title	Version	Date of Finalization
FSC-US Forest Management Standard	1.0	July 8, 2010
All standards employed are available on the websites of FSC International (www.fsc.org), the FSC-US (www.fscus.org) or the SCS Forest Conservation Program homepage (www.scscertified.com/forestry). Standards are also available, upon request, from Scientific Certification Systems (www.scscertified.com).		

1.7 Conversion Table English Units to Metric Units

Length Conversion Factors		
To convert from	To	multiply by
Mile (US Statute)	Kilometer (km)	1.609347
Foot (ft)	Meter (m)	0.3048

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

2.0 DESCRIPTION OF FOREST MANAGEMENT

2.1 Management Context

2.1.1 Regulatory Context

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

	California Civil Code Section 1008 Native Plant Protection Act Porter-Cologne Water Quality Control Act The California Forest Practice Regulations (FPR) Williamson Act Timberland Productivity Act
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Regulatory Context Description

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

An overarching long-term sustained yield plan must be prepared for all ownerships larger than 50,000 acres (20,243 ha). Further, a Timber Harvest Plan (THP) must be prepared for every timber harvest project. The THP is considered the functional equivalent of an environmental impact report (EIR) under the California Environmental Quality Act (CEQA). The lead agencies for overseeing THP process are the California Department of Forestry and Fire Protection (CAL FIRE) and California Regional Water Quality Control Board (CRWQCB). The California Department of Fish and Wildlife (CDFW) and the California Geological Survey (CGS) also provide significant input into the THP process. As a group, the agencies review the written THP and evaluate the company’s compliance with the FPA by making onsite visits before, during and after harvest. Moreover, the THP process is a public process. The project proponent files their long-term plan and THP with the state and the public is given opportunity to provide written or verbal comment to the agencies. The agencies are required to respond to each comment in writing. Additionally, the National Marine Fisheries Service monitors each project’s protection of RTE anadromous fish (chinook and coho salmon and steelhead trout). The California Department of Fish and Wildlife monitors other RTE species on behalf of the National Fish and Wildlife Service.

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

undergo California Licensed Foresters Association (CLFA) and CAL FIRE archaeological-training programs (FPR Article 14 Archaeological and Historical Resource Protection, Section 929.4).

2.1.2 Environmental Context

Environmental safeguards:

GDRC maintains Habitat Retention Areas (HRAs), identified High Conservation Value Forest areas (HCVFs), Watercourse-Lake Protection Zones (WLPZs), and Northern spotted owl (NSO) circles for the Coastal Redwood-Douglas-fir timber type, most of which should develop into late seral habitat types. Some NSO areas are allowed to be harvested under the NSO HCP permits. As part of its Option A requirements, GDRC must maintain data to demonstrate age class distributions on production areas across the FMU.

The audit team observed well-distributed slash on harvest sites, as well as slash piled at landings for future burning. Slash is used to control erosion and to contribute to soil nutrients. No excessive piling within harvest units was observed that would have indicated above moderate fire risk. Planting crews are experienced at planting through slash.

Cable-yarding and shovel logging are the predominant harvest methods. Both logging methods do not lead to significant topsoil disturbance. These are the lowest impact technologies given the terrain and even-aged management. Since tractors/skidders are infrequently used, rutting is not problematic within harvest sites. Primary and secondary road quality is high enough to ensure that rutting can be avoided even in the winter. A principal driver of and benefit of not using tractors/skidders is reduced sediment delivery to watercourses.

GDRC controls access to roads and has a long standing effort to reduce and mitigate the impacts of the road system. GDRC expends several million dollars per year on road repair, maintenance, and upgrades to avoid impacts to water and soil quality. Regulatory personnel interviewed during the audit suggest that GDRC's approach to road management is to work with agencies as much as possible to avoid problems in the first place or to detect them early enough so that they can be repaired at lower cost and thus reduce long-term impacts to sensitive resources.

Management strategy for the identification and protection of rare, threatened and endangered (RTE) species and their habitats:

GDRC must conduct surveys for NSO, Salmonids, botanical resources, and other species of concern as part of its Habitat Conservation Plans (HCPs). GDRC is also participating in and sponsoring a partnership to protect the Humboldt marten. The protocol for conducting surveys and inventorying RTE species is detailed in the Forest Practice Rules (Subchapters 4,5&6 Forest District Rules, Article 9 Wildlife Protection Practices). As part of the THP process and implementation of HCPs, GDRC must review its RTE species data and conduct surveys in areas where RTE species, such as NSOs, are suspected. Botanical staff convey spatial information on RTE plant species to forestry staff prior to layout so that these areas can be provided with protection zones or modified management. GDRC establishes conservation zones for rare plants, marbled murrelets, raptor nests, and NSOs. See GDRC's evidence submitted in the left

column. Conservation measures are based on input from GDRC professional staff and recommendations from agencies or research results from projects conducted in the region. Conservation measures are reviewed by a combination of federal and state agencies as part of the THP and HCP review processes. GDRC works collaboratively with local law enforcement to control unauthorized activities. Roads are gated and security patrols are conducted regularly to detect any unauthorized hunting or collecting.

2.1.3 Socioeconomic Context

The population of the region surrounding GDRC's land has experienced relatively modest yet steady population growth over the past decade. From 2000 to 2010, the region's population grew by approximately 5 percent, compared with the State's growth rate over the same period of 10 percent. Many of the people that live in this region have a strong connection to the land either through outdoor recreation such as hiking, hunting or fishing, or through the resource based economies of agriculture, forestry or fishing. Many in the community value the aesthetic qualities of living in this rural area and feel a connection to the land for personal and ideological reasons.

Tourism and the service jobs that support the tourism industry are important, but most positions are seasonal. The forest industry on the North Coast has seen a significant decrease in the number of people employed in the industry since it reached a production highpoint during the post-World War II housing boom of the 1950s and early 1960s. However, the current jobs that are available in the forestry and lumber production industries remain an important component of the local economy. The current employment opportunities in the forest and wood products sector provide relatively high paying jobs for the region, and they are a source of primary employment that brings money into the area.

GDRC currently employs approximately 196 people as part of its California timberlands operations. The functions of these employees include: secretarial, bookkeeping and accounting; planning and logistics associated with resource management operations; road construction and maintenance; commercial timber harvesting; and mechanical and repair activities. All these activities are conducted over the entire year, with some reduction in workforce during the winter period; consequently, the majority of the 196 jobs are fulltime year-round jobs. Approximately 70 union positions (International Association of Machinists and Aerospace workers) are included in this job count. In addition to work conducted by GDRC employees themselves, many of the forest management activities (e.g., professional services, tree planting, pre-commercial thinning, logging, trucking) are contracted directly to other local or regional firms. Contract workers account for approximately 298 workers.

2.1.4 Land use, Ownership, and Land Tenure

Green Diamond Resource Company (GDRC) owns and manages approximately 393,105 acres of commercial timberland in Del Norte and Humboldt Counties in northern California. The bulk of GDRC's ownership is within 20 miles of the coast. The holdings range in size from isolated 20 acre parcels to contiguous blocks of over 100,000 acres. While most of this land is held in fee, 3,443 acres are perpetual cutting rights, which are treated the same as the fee ownership for the purpose of the

management plan. The acreage includes 1,215 acres in temporary cutting rights, which expire in 2022. The acreage is likely to adjust over time to reflect real property transactions involving GDRC.

GDRC has identified “core” and “non-core” lands within its California ownership. The core timberlands portion of the ownership consists primarily of redwood forests located on the west slope of the Coastal and Klamath Mountains (approximately 383,970 acres). The non-core timberlands consist of Douglas-fir and mixed conifer forests located on higher elevation and eastern Del Norte and Humboldt counties (approximately 9,135 acres). The non-core areas include all of the Moore Tract (#87), Hunter Ranch Tract (#3), and the portion of Berry Summit Tract (#46) that drains into the Trinity River.

GDRC’s California timberlands are divided into northern and southern operating areas. The northern area is located north of the Bald Hills county road and is commonly referred to as the Klamath Area. The southern area is located south of the Bald Hills road and is referred to as the Korbels Area. The areas are divided into management tracts which are numbered and named. The tract boundaries were developed to reflect management considerations such as road networks, timber types, or age classes and also reflect previous ownership patterns.

Rights-of-way and other use or access rights are documented in deeds, easements and other agreements maintained in county and GDRC offices. Some limited recreational and public service activities are authorized by permit to organized groups. Authorized recreational uses within the ownership are coordinated with forest management activities for safety reasons and to reduce conflicts. Authorized recreational users are informed about seasonal operating areas and seasonal restrictions and requested to stay away from active operations. Examples of non-forest management uses that are allowed on GDRC’s forest land include law enforcement, Coast Guard and search and rescue training exercises; hunting by employees, a hunting club or authorized guided hunts; rifle range use by a gun club; fishing by employees or authorized permit holders; organized mountain bike events; and trail rides within designated areas by a permitted motorcycle club and a horse club.

2.2 Forest Management Plan

Management Objectives:

GDRC’s mission is to increase the value of our forests while assuring that we do not negatively impact the public trust resources. The objective is to manage the forestlands as sustainable, productive timberlands using the best scientific, safety, ethical, economic and environmental stewardship principles. This goal is key to long-term economic opportunity and quality of life for company employees, operating communities and for generations to come. To this end, GDRC is guided by five core values:

- **Safety** – Maintaining a safe, healthy work environment for our employees and contractors.
- **Integrity** – Adhering to the highest ethical standards in all of our business dealings.
- **Stewardship** – Practicing sustainable forestry and working collaboratively with other parties in initiating innovative, forest and wildlife management programs that will foster our role as responsible land stewards.
- **Community** – Supporting the people, organizations and programs that improve the quality of life in the communities we call home. This objective includes our employee community. We are

committed to treating our employees with respect and to fostering a work environment in which diversity and communication are valued and recognized.

- **Profitability** - Operating efficiently and profitably and in a manner that will enhance the long-term value of our assets.

Forest Composition and Rationale for Species Selection:

GDRC's California timberlands occupy the northern extent of the California Coast Physiographic Province and the northwestern extent of the California Klamath Physiographic Province as defined in the 2011 Revised Northern Spotted Owl (NSO) Recovery Plan. The ownership also occurs primarily within three major Ecological Regions (Ecoregions) as described by the U.S. Forest Service (Miles and Goudey 1997):

Northern California Coast – This Ecoregion is characterized by mountains, hills and valleys of the northern Coast Ranges and portions of the Klamath Mountains that are close enough to the Pacific Ocean for the climate to be greatly modified by the marine influence. The predominant forests include redwood, Douglas-fir/tanoak, Oregon white oak, tanoak and coast live oak. Elevations range from sea level to 3,000 feet, and precipitation varies from 20 to 120 inches. The area has a long growing season of 225 to 310 days, with fog very common during summer and winter. This Ecoregion encompasses approximately 81% of the area within the four HPA Groups.

Northern California Coast Ranges – This Ecoregion includes the interior portion of the California Coast Range Mountains that also has a marine influence but to a much smaller degree. Elevations range from just above sea level to 8,000 feet. The growing season is 80 to 250 days, and summer fog is generally limited to low elevations and major watercourses. The predominant plant communities include Douglas-fir/tanoak, Oregon white oak, mixed conifer and white fir. This Ecoregion encompasses about 9% of the area within the four HPA Groups.

Klamath Mountains – This Ecoregion is located between the Southern Cascades and Coast Range Mountains. It is characterized by greater temperature extremes and elevations from 200 to over 9,000 feet. The predominant forest types are Douglas-fir, Douglas-fir/tanoak, Douglas-fir/pine, mixed conifer, white fir, Jeffrey Pine, red fir, canyon live oak and Oregon white oak. This Ecoregion has the shortest growing season of the three, and encompasses about 10% of the area within the four HPA Groups.

See table 1.2.1 for a list of all species included in the scope of the certificate.

General Description of Land Management System(s):

Silvicultural activity involves specific methods used to harvest and regenerate forest stands over time to achieve desired management objectives. Typical management objectives include achieving maximum sustained yield and the maintenance, alteration or creation of habitat. Examples of even-aged silvicultural methods include seed tree, shelterwood and clearcut (with retention); uneven-aged methods include individual (single) tree selection and group selection. Commercial thinning is considered an intermediate silviculture method that is not used to promote regeneration. Rehabilitation is a special prescription that is used to improve the stocking of an under-stocked area and generally results in the development of an even aged forest. Variable retention is also a FPR special prescription described as an approach to harvesting “based on the retention of structural elements or

biological legacies (trees, snags, logs, etc.) from the pre-harvest stand for integration into the post-harvest stand to achieve various ecological, social and geomorphic objectives”.

Timber stand regeneration and improvement includes activities necessary to establish, grow, and achieve desired species composition, spacing and rate of growth of young forest stands, including: Site preparation, prescribed burning and slash treatment; Tree planting; Control of competing vegetation; Pre-commercial thinning and pruning; Commercial thinning; and Regeneration Harvesting.

Harvest Methods and Equipment used:

Felling and bucking of timber is done with chainsaws in cable yarding areas and with feller bunchers in the ground based yarding areas. Feller bunchers are generally not operated during the winter due to wet soil conditions, so all falling during the winter period is done with chainsaws. Ground-based yarding operations are done with log-loaders (shovels) and/or skidders, with a preference for log-loaders. Cable and helicopter logging are used for steeper areas.

Explanation of the management structures:

GDRC is a privately held, family-owned business based in Washington. This management plan addresses the forest lands in the coastal regions of Northern California. In 1890, Solomon (Sol) Simpson founded GDRC's predecessor, Simpson Logging Company, on Washington's Olympic Peninsula, about 65 miles southwest of Seattle. Today, more than 120 years later, Sol's direct descendants oversee GDRC's forests with the same commitment to responsible, innovative, long-term forest stewardship that was established by their pioneering ancestor. GDRC's corporate headquarters and senior management team are located in Seattle, Washington. The California Timberlands administration offices are located in Eureka, CA with management offices in Korb and Orick CA. Organization charts showing the management structure of the company are provided in Charts 1 and 2 provided in Appendix B of the FMP.

GDRC's northern and southern operating areas are each managed by an operations manager responsible for planning and implementing timber harvest operations. The conservation planning manager is responsible for conducting all biological surveys and monitoring, and implementing some aspects of the Aquatic Habitat Conservation Plan (AHCP) roads management requirements for all of the California timberlands. A timberlands investment manager oversees reforestation activities and timber inventory activities for all California timberlands as well as managing our GIS and database information systems. These managers, as well as other administrative managers, report to the Vice President and General Manager of the California Timberlands division. Day-to-day operations are conducted by lower level managers, resource professionals and technical staff.

2.3 Monitoring System

Growth and Yield of all forest products harvested.

GDRC's inventory system includes: a) species, b) volumes, c) stocking, d) regeneration, and e) stand and forest composition and structure; and f) timber quality. A description of GDRC's Forest Resource Information System (FRIS) and calculation of annual growth and sustainable harvest levels is provided in its Option A document, a sustained yield calculation filed with the state.
Forest dynamics and changes in composition of flora and fauna
GDRC's Northern Spotted Owl (NSO) HCP and Aquatic HCP include measures to monitor listed species. The sensitive plant conservation plan, Fisher studies, Herpetology monitoring, and annual botanical summaries serve as examples of monitoring changes in composition of flora and fauna. The FRIS includes measures to detect changes in forest dynamics and species composition.
Environmental Impacts
State agencies and GDRC conduct regeneration surveys as part of THP process. GDRC also must adhere to HCP monitoring and reporting conditions that are reviewed by agencies. These monitoring requirements ensure that THPs are reviewed for implementation, any negative impacts that occurred during or immediately post-harvest are identified and attended to, and that management activities are effective. GDRC has a robust road monitoring program as part of its HCP and FMU-wide (Waste Discharge Requirement (WDR). After storm events especially, GDRC reviews sections of the FMU for erosion and slips that may affect roads and streams. Geology and hydrology staff work with road maintenance staff to monitor forest-roads and identify areas that must be fixed.
Social Impacts
GDRC procedures do not currently adequately conform with the social impact monitoring requirements of the Standard (Indicator 8.2.d.3). GDRC procedures do not incorporate adequate monitoring and recording of stakeholder responses to management activities (8.2.d.4). See the CARs and OBSs for more information (section 4.2.4 of this report). The regulatory framework of California overall allows for a mechanism of inviting tribal monitoring of important sites.
Costs, Productivity, and Efficiency
GDRC's accounting staff monitors all costs and revenues. GDRC compares actual harvest to inventory data to assess the accuracy of growth estimates, which better informs financial projections and performance.

3.0 CERTIFICATION EVALUATION PROCESS

3.1 Evaluation Schedule and Team

3.1.1 – Evaluation Itinerary and Activities

Date: June, 11, 2012	
FMU/Location/ Sites Visited	Activities/ Notes
All audit team members: GRDC Offices, Orick, CA	Opening meeting; review of management systems, including HR, and Health & Safety; finalization of audit itinerary
Auditor Steinberg: Stakeholder interviews	Face to face meetings with individual stakeholders and groups, primarily at the stakeholders' places of business or residences.
Auditors Hrubes, McBride, and	Inspection of recently planted clearcut, discussion of adjacency,

Meister: Mule Creek THP and LNK 1301900 THP	invasive species, Habitat Retention Areas (HRAs), green tree retention levels, WLPZs, stream crossings, and selection harvest.
All audit team members: Public stakeholder meeting, Grange Hall, Bayside, CA	Public stakeholder meeting with interested local stakeholders; a 2+ hour meeting involving approximately 30 participants
Date: June 12, 2012	
FMU/Location/ Sites Visited	Activities/ Notes
Auditors Meister and Steinberg: Klamath tract, Valley Green, CA	Inspection of Federal & State OSHA and minimum wage postings, Class 2 WLPZ widths, retention and operational constraints, harvest equipment (shovel and de-limber) and safety gear, cable-yarded unit, geology retention areas, stream crossings, Botany protection zone, clumped vs individual retention, species retention, snag and downed-woody debris retention, and Marbled Murrelet (MAMU) protection site. Interviews with GDRC staff and logging contractors on-site.
Auditors Hrubes and McBride:	<p>Stop #1: Nuts Creek THP, GDRCo THP #26-0803 Inspection of unit that was shovel logged in September 2009 and planted in March 2010; logging slash was removed for biomass utilization. Planted with redwood and Douglas-fir, 50/50. Atrazine applied pre-planting and imazapyr applied after planting; planted a second time in 2011; Chopper applied in 2011; no further applications anticipated.</p> <p>Issue: prairie restoration; objective hindered by THP rules; GDRC is interested in greater extent of prairie restoration and is developing additional projects.</p> <p>Stop #2: Rare plant protection area near Bald Mountain—target species is Fawn lily. Botanist and 3 crew members engaged in plant ID. In part to protect sensitive plants, no cattle grazing permits for the past 5 years.</p> <p>Stop #3: Bald Mt. THP; GDRCo THP #27-1001; active timber harvest area. Logging Contractor was interviewed on site: Gene Arriola, owner/operator of Green Mountain Logging, Coquille, OR. He recently became a participant in the Pro-Logging program.</p> <p>Retention on this unit is less than 8%; the 15% trigger is rather crude in its application.</p>

	<p>Stop #4: Fernwood B THP; 7 year old planted stand; planted in 2004-2005. Discussed TMIS/FRIS data systems. Imazypyr, 1 treatment, applied in 2004. Stand is now considered free to grow. Overall, the young stand looks vigorous.</p> <p>Stop # 5: THP 1-05-210 HUM; GDRCo THP #26-0502—a grass-dominated 6-year old rwd/df stand. Meets point count but looks sparsely stocked. Overall retention in this unit, even with a Class II WLPZ is well less than 20%--adequacy of green tree retention is an issue.</p> <p>At this stop, we discussed NSO management and the concept of dynamic core areas of which 47 are designated across the property, each being approximately 90 acres in size.</p> <p>Discussion revealed that GDRC has not yet undertaken a landscape GAP analysis of reserved areas.</p> <p>Even-aged management, rotation lengths, thinning, pace of logging within a watershed and the transition to different approaches was robustly discussed at this stop. GDRC believes that it is already underway in a paradigm shift; is the pace sufficient?</p> <p>Stop #6: Commercial Thin on Road 4500; GDRCo THP # 24-1001; 47 acres harvested in 2011. Stand was generated via clearcut in 1979 and PCT'd in 1993. GD consulted with Jim Able prior to laying out the commercial thin; "AP" was checked on the THP; roughly 30% of the BA was removed; much lighter harvest than would be normally warranted, silviculturally. GD characterizes it as an ongoing learning process. Notably, GD is committed to increase the extent of thinning prescriptions in 2013.</p> <p>Stop # 7: Culvert Replacement on Road 4000. At this stop, we discussed road management issues in the context of the Aquatic HCP; non-THP road management projects expend \$2.5 million per year. GD has a Road Management Waste Discharge Permit, which is unique. The road staff rate their working relationship with RWQCB staff as excellent.</p>
Date: June 13, 2012	
FMU/Location/ sites visited	Activities/ notes
Auditors McBride and Meister:	Inspection of geological management area, clearcut harvested and

Klamath tract, Valley Green, CA	planted 8-10 years ago, clumped retention, old growth policy, MAMU Type 2 old growth stand, sensitive plant area, blown-down area, overlook of HRA, Class 2 & 3 buffers, seasonal roads, and stream crossings. Discussion of AHCP and Forest Habitat Conservation Plan (FHCP).
Auditor Hrubes:	<p>This day was spent in the Carlotta Tract.</p> <p>Stop #1: Carlotta THP, GDRCo THP #08-0801; logged in 2011. Focus of walk through and discussions was retention.</p> <p>Stop #2: Salmon Creek THP, GDRCo THP #14-0701; 4 non-contiguous harvest blocks</p> <p>Discussions and field reconnaissance focused on retention in even-aged harvest units and bear damage to young stands. All four blocks had retention in WLPZs but very limited retention in the form of single trees or small clumps of trees within the interior of the blocks.</p> <p>Stop #3: Oil & Gas Extraction Site</p> <p>Purpose of stop was to discuss non-forestry land uses on the property. O&G sites are limited to the Salmon Tract and there are 12 such sites, each approximately 0.5 acres alongside roads. No issues of concern surfaced during the visit and discussion.</p>
Auditor Steinberg: Stakeholder interviews	Face-to-face interviews with additional stakeholders, individuals and groups.
Date: June 14, 2012	
FMU/Location/ sites visited	Activities/ notes
All audit team members: GRDC Offices, Korb, CA	Telephone interviews with agency personnel Observation of regularly scheduled staff training meeting
Auditors Hrubes, McBride, and Meister: Korb Area	<p>Stop #1: Little River Fish Station: Inspection of fish traps, turbidity stations; discussion of long term history of anthropomorphic activity in the watershed—more continuous than in other watersheds such as Mad River</p> <p>Stop #2: CR2800/Rockpit THP, 1-10-100 HUM, GDRCo THP #45-1010: Focus was on Unit B, approximately 24 acres, of which 10 acres were clear felled and the remainder received a selection harvest; the selection harvest was light intensity—perhaps 5% of the trees were taken; inspected company logging equipment and vehicles; interviewed company logging crews.</p>

Auditor Steinberg: Stakeholder interviews	Site-visits to various stakeholder groups.
Mid-afternoon: All audit team members at the GRDC Offices, Korbelt, CA	Initiation of auditor deliberations
Date: June 15, 2012	
FMU/Location/ sites visited	Activities/ notes
All audit team members: GRDC Offices, Korbelt, CA	Auditor deliberations; closing meeting, including presentation of preliminary findings.

3.1.2 – Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	5
B. Number of auditors participating in on-site evaluation:	4
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	16
D. Total number of person days used in evaluation:	36

3.1.3 – Evaluation Team

Auditor Name:	Robert Hrubes, Ph.D.	Auditor role:	Lead auditor
Qualifications: Dr. Hrubes is a California registered professional forester (#2228) and forest economist with over 30 years of professional experience in both private and public forest management issues. He is presently Senior Vice-President of Scientific Certification Systems. In addition to serving as team leader for the Michigan State Forest evaluation, Dr. Hrubes worked in collaboration with other SCS personnel to develop the programmatic protocol that guides all SCS Forest Conservation Program evaluations. Dr. Hrubes has previously led numerous audits under the SCS Forest Conservation Program of North American public forest, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Chile, Japan, Malaysia, Australia and New Zealand. Dr. Hrubes holds graduate degrees in forest economics (Ph.D.), economics (M.A.) and resource systems management (M.S.) from the University of California-Berkeley and the University of Michigan. His professional forestry degree (B.S.F. with double major in Outdoor Recreation) was awarded from Iowa State University. He was employed for 14 years, in a variety of positions ranging from research forester to operations research analyst to planning team leader, by the USDA Forest Service. Upon leaving federal service, he entered private consulting from 1988 to 2000. He has been Senior V.P. at SCS since February, 2000.			
Auditor Name:	Joseph McBride, Ph.D.	Auditor role:	Team Auditor – ecology focus
Qualifications: Joe R. McBride is Professor of Landscape Architecture and Forest Ecology at the University of California in Berkeley. He received a B.S. degree in forestry from the University of Montana and M.S. (Forestry) and Ph.D. (Botany) degrees from the University of California, Berkeley. His teaching and research are centered on forest ecology and trees in urban areas. His current research in forest ecology is focused on the invasion of Douglas-fir in grasslands along the central coast of California. His research in the area of urban forestry is documenting the reconstruction of urban forests that were destroyed during World War II in Europe and Japan. Since 1990 he has worked as a consultant to the Sea Ranch Association and for a variety of property owners at the Sea Ranch on issues related to vegetation			

management.			
Auditor Name:	Sheila Steinberg, Ph.D.	Auditor role:	Team Auditor – social focus
<p>Qualifications: Dr. Steinberg is Professor of Sociology at Humboldt State University in Arcata, California. She completed her bachelor's at the University of California, Santa Barbara (Environmental Studies/Communication Studies); her master's at the University of California, Berkeley (Wildland Resource Science); and her doctorate at The Pennsylvania State University (Rural Sociology). Her research interests include community, sociospatial research, GIS, applied sociology, research methods, ethnic communities, globalization, poverty, policy and environmental sociology. She has conducted field research in Nepal, Guatemala, New Mexico, Pennsylvania and California. The theme throughout this research has been the examination of people and their relationship to space and place. Recently, she has co-authored a chapter on this topic entitled "Geospatial Analysis Technology and Social Science Research." in the Handbook of Emergent Technologies, Sharlene Hesse-Biber, Editor, Oxford University Press 2011. Another recent publication is a book chapter entitled, "Global Women Superheroes: Place, Space and Action," in Chapter in: Women's Encounter with Globalization. Samir Dasgupta, R. Driskell, N. Yeates and Y. Braun (Eds.), London: Front Page Publishers 2010. In 2006, Dr. Steinberg co-authored a book for Sage Publications entitled, GIS for the Social Sciences: Investigating Space and Place. Her research examines the intersection of community, people, place and the environment through a policy lens.</p>			
Auditor Name:	Kyle Meister	Auditor role:	Team Auditor – forestry focus
<p>Qualifications: Kyle Meister is a Certification Forester with Scientific Certification Systems. He has been with SCS since 2008 and has conducted FSC pre-assessments, evaluations, and surveillance audits in Brazil, Panama, Mexico, Costa Rica, Bolivia, Indonesia, India, Japan, New Zealand, and all major forest producing regions of the United States. Mr. Meister has successfully completed CAR Lead Verifier, ISO 9001:2008 Lead Auditor, and SA8000 Social Systems Introduction and Basic Auditor Training Courses. He holds a B.S. in Natural Resource Ecology and Management and a B.A. in Spanish from the University of Michigan; and a Master of Forestry from the Yale School of Forestry and Environmental Studies. Mr. Meister has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, Colombia, and Brazil. He is responsible for reviewing all of SCS' forest management reports from Latin America. He is a member of the Forest Guild, Society of American Foresters, and Cascadia Green Building Council.</p>			

3.2 Evaluation of Management System

3.2.1 – Methodology and Strategies Employed

SCS deploys interdisciplinary teams with expertise in forestry, social sciences, natural resource economics, and other relevant fields to assess an FME's conformance to FSC standards and policies. Evaluation methods include: document and record review, implementing sampling strategies to visit a broad number of forest cover and harvest prescription types, observation of implementation of management plans and policies in the field, and stakeholder analysis. When there is more than one team member, team members may review parts of the standards based on their background and expertise. Upon completion of the field component of the evaluation, team members convene to deliberate the findings of the assessment, employing an interdisciplinary, consensus-seeking approach.

This involves an analysis of all relevant field observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section and/or in observations.

3.2.2 – Pre-evaluation

- A pre-evaluation of the FME *was not* required by FSC norms.
- A pre-evaluation of the FME was previously conducted as required by and in accordance to FSC norms.

3.3 Stakeholder Consultation Process

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

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

Principal stakeholder groups are identified based upon results from the pre-evaluation, lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources. The following types of groups and individuals were determined to be principal stakeholders in this evaluation:

3.3.1 – Stakeholder Groups Consulted During Evaluation for Certification

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

Stakeholder consultation activities are designed to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers. A public notice was sent to stakeholders on April 27, 2012 notifying them of the audit and soliciting comments. A Public Meeting was also held on June 11th (the evening of the first day of the audit week to solicit participation by the local community.

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

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

Stakeholder Comments	SCS Response
Economic	
<p>It is necessary to have a market-based management of a brand. The fact that Green Diamond is seeking FSC certification degrades the value of the FSC brand (expressed by at least 50 plus stakeholders).</p>	<p>Seeking certification does not guarantee that it will be achieved, under the FSC system. Seeking certification means submitting the organization to an evaluation of conformance to the applicable FSC standards. Certification cannot be achieved until any Major Corrective Action Requests raised by the audit team during the evaluation have been reviewed and closed by the SCS audit team. Interviews with civic leadership, business owners, and stakeholders suggests a general appreciation for Green Diamond Resource Company (GDRC) seeking the FSC certification if it can change its timber management practices to truly reflect and represent compliance with the FSC-US standards. To comply, the company must develop and make publicly available a statement of commitment to manage the FMU in conformance with FSC standards and policies (See Minor CAR 2012.10). If GDRC achieves FSC certification, it also must adhere to FSC rules governing the use of FSC claims and trademarks.</p>
<p>Green Diamond provides good paying jobs and income (related to payroll and purchase of goods and services) for people in the local community.</p> <p>The job aspect is so important. You can go onto Prosperity 2012 (http://northcoastprosperity.com/) and you can get the numbers on what the median income in Humboldt County is, how much logging pays, and how much above the median they are paying.</p> <p>Lots of living wage jobs for hundreds of people in the forest industry in Humboldt County.</p>	<p>Interviews with 25 plus stakeholders, including community leaders, GDRC employees and contractors, union members and leaders of local ethnic communities indicates support for jobs provided to the community.</p> <p>Interviews with local community members, including Native American communities, civic leaders and unions, indicate that GDRC is viewed as a good employer in the region. Locally, GDRC provides good paying, long-term jobs.</p> <p>Interviews with GDRC Human Resource Personnel indicate that GDRC conducts annual salary surveys to ensure that salary and compensation levels are fair and create high quality job opportunities for employees.</p>

<p>The inferior quality of the wood products coming off of Green Diamond lands must be addressed. It is common knowledge, and all the auditors of SCS know it, that redwood needs at a minimum 70-100 years to reach a maturity that provides for a decent wood product. Green Diamond has continued to log based on a short rotation tree plantation vision, resulting in a clearly inferior wood product whose reputation has diminished greatly since the ancient redwoods have been largely removed from the landscape. Green Diamond is famous for having to die their immature redwood with a red color for it to be attractive to the consumer. This issue cannot be understated--the FSC cannot seriously certify a company that continues to log redwood before it has become a decent wood product.</p>	<p>The SCS audit team evaluated GDRC's conformance to monitoring of timber quality as required under Criterion 8.2. GDRC produces an annual log quality report, which tracks the volumes and sorts for each timber sale throughout the year. Most logs are correctly sorted according to the 2011 report examined. GDRC's own research shows that larger trees produce more desirable heartwood, which has led it to practice longer rotations on some stands. Changes in their stand management prescriptions as well as their pursuit of certification are evidence that GDRC is re-orienting its approach to place a stronger emphasis on producing high-value products, moving away from a commodity mindset.</p>
<p>I've been here a long time and seen a lot of companies come and go. Green Diamond seems stable and that is a good thing. They are not cut and run.</p> <p>A lot of the companies that used to be around here are no longer here. Green Diamond has been here a long, long time.</p> <p>You look at the average seniority of the workers and its 20 plus years. And you get into the woods and its 44 and 45 years and they</p>	<p>Interviews with 30+ stakeholders, augmented by interviews with company employees and union representatives, indicated the pattern of long tenure working at the company. Members of the community appreciate the employment opportunities provided by GDRC.</p>

are still working out there.	
Social	
<p>Concern over how the social environment is impacted by the timber harvesting practices of Green Diamond Resource Company</p> <p>The recent history of this company amounts to greenwashing--the use of public relations and media strategies to hide from the public the negative environmental and social impacts of a natural resource extraction company-- must be taken into consideration.</p>	<p>Several CARs raised by the audit team place an expectation on GDRC to, in a more coordinated and comprehensive manner, consider input in its management planning from people who would likely be affected by management activities.</p> <p>Opinion is noted. GDRC currently does not have a procedure for periodically assessing the social impacts of its management activities that expressly address the subject areas set forth in Indicator 4.4.a (See Major CAR 2012.1 and Minor CAR 2012.11). The comment on greenwashing also relates to Minor CAR 2012.10 and FSC trademark rules addressed in the economic section, earlier in this table. Indicator 1.6.a and FSC trademarks rules serve as FSC's defense mechanism against false claims.</p>
<p>Green Diamond Resource Company does not respect its workers. The current working conditions, and the lack of accountability of the company in case of accidents or other work site incidents, must be addressed in a holistic manner in order that the FSC consider certifying Green Diamond. The issues of migrant workers, especially of Hispanic descent, who are largely marginalized and outside of decision making processes in the company is of serious concern, and cannot be ignored.</p>	<p>Opinion is noted.</p> <p>Observations of active job sites in the field, interviews with operators and other workers in the field and discussions with union leadership, union members, company employees, stakeholders in the community, and leadership from the local Latino/Hispanic community all indicate that GDRC does respect its workers and has guidelines and policies established to ensure equal treatment for all workers regardless of their ethnicity. Interviews suggest that members of the local communities appreciate the work opportunities available with GDRC. Hiring practices and conditions of employment are non-discriminatory and follow applicable federal, state and local regulations.</p> <p>Documented evidence of GDRC's hiring and anti-discrimination policies examined includes:</p> <ul style="list-style-type: none"> • Green Diamond Code of Ethics/Code of Conduct • Green Diamond Human Resource Policies <ul style="list-style-type: none"> ○ Non-Discrimination Policy ○ Workplace Violence Policy • Equal Employment Opportunity Policy

	<p>On the vast majority of active logging jobs examined, workers were demonstrating a safe work environment, including appropriate use of Personal Protective Equipment (PPE). However, first-aid kits were not available or readily accessible on a few job sites (See Observation 2012.29).</p>
<p>Green Diamond does not provide a safe work environment. Questions of worksite safety and corporate accountability concerning these issues must be asked and answered in a transparent and substantive manner.</p>	<p>Opinion noted.</p> <p>Interviews with workers in the field and field observations of active logging show that a safe working environment was being demonstrated (see also Observation 2012.29, cited previously). GDRC posts all required health & safety postings in the main and regional offices. Interviews with GDRC employees show that they have a solid grasp of applicable occupational health & safety laws, both state and federal. California requires Licensed Timber Operators (LTOs) to conduct harvests – thereby ensuring contract loggers have knowledge of timber harvest laws. GDRC staff in Human Resources, Operations, and Safety and Compliance ensures that employees and contractors are informed of applicable laws and regulations. GDRC provides new employee safety training and a special contractor training series.</p> <p>Herbicide contractors must possess a valid applicators’ license for the State of California. As part of this licensing process, contractors must undergo training and pass a course on chemical use. GDRC also references applicable laws and regulations in contracts, and asks that each contractor furnish proof of meeting applicable licensing requirements. No non-conformance is warranted.</p>
<p>Green Diamond has established working relationships with the various tribal communities in the region</p>	<p>Interviews with members of four different tribes/rancherias in the region indicate that GDRC’s efforts to establish functional and improved relationships with these groups are substantive and effective.</p>
<p>Green Diamond is a strong contributor to the local community; Their employees are involved in the community and in community organizations</p>	<p>In excess of 30 interviews with stakeholders from the community confirmed that GDRC is a strong contributor and supporter of local community issues and causes.</p>
<p>They are required to let us know in a certain area something is going to happen but also the proposed</p>	<p>GDRC has demonstrated that they follow guidelines related to legal channels such as THP and HCP reviews regarding prior notification to relevant stakeholders regarding actions on timber</p>

<p>logging unit but also to ask if us we are aware of any cultural areas of concern. They are really good at this- to ask to visit a timber sale area- GD foresters are very responsive to facilitate our access to the field.</p> <p>From my perspective they are doing a pretty good job. I was still left a little discouraged that there was not more opportunity for co-operative agreements for site protection.</p>	<p>lands that may impact stakeholder. However, there is no permanent system in place to bring issues of concern to the attention of GDRC. (See Major CAR 2012.1 and Observation 2012.28).</p>
<p>Environmental</p>	
<p>Even aged management (i.e., clear-cutting) has no place in timber management in the redwood ecosystem.</p> <p>Green Diamond engages in even-aged management and clear- cuts too many trees (mentioned by numerous stakeholders)</p> <p>Clear-cutting is not forest stewardship. Don't want to sell the land and see it become plantation.</p> <p>If we are moving to ecologically sustainable management what does it take to make a transition to a more sustainable state in the future? Even aged management is an appropriate tool- IF used judiciously.</p>	<p>Opinions noted.</p> <p>Even-aged management is allowed under the FSC-US National Standard. Certain restrictions and retention levels apply in the Pacific Coast region, however, as agreed upon by various stakeholder groups during the last revision of the Standard, in 2010. The level and quality of green tree retention within even-aged regeneration harvest units on GDRC is below the levels required for the Pacific Coast region under the FSC-US National Standard. Retention levels as stipulated in Indicator 6.3.g.1 are required on each regeneration harvest unit rather than being met by broad averages across the property. (See Major CAR 2012.2; Minor CAR 2012.16; and Observations 2012.33 and 2012.34)</p>
<p>Concern over extensive use of herbicides (mentioned by numerous stakeholders)</p>	<p>Opinion noted.</p> <p>GDRC has a few demonstrable actions that have reduced the use of herbicides. For example, it has effectively if not entirely stopped</p>

	<p>broadcast burning, moved to shovel logging (reduce disturbance of mineral soil); and planted better quality seedlings that can shade out competitors. These actions have reduced usage of chemicals on 50% of FMU.</p> <p>GDRC’s chemical use policies and practices do not demonstrate adequate conformity to the toxicant use requirements found in the Standard (See Minor CAR 2012.19).</p>
<p>Is Green Diamond willing to leave the McKay Tract alone?</p>	<p>GDRC is working with The Trust for Public Lands (TPL) to develop a conservation strategy for the McKay Tract. . During the FSC evaluation, GDRC mentioned that it was “completing” THP 1-08-102HUM (McKay ’09 THP – GDRCo #19-0801) , which effectively closes it. GDRC is negotiating with TPL for the sale of a portion of the tract, which would be transferred to Humboldt County as a community forest, and a conservation easement for the remainder of the tract. GDRC and TPL have worked with the County to consider a watershed-based planning approach for this project. As it currently stands, the project allows for limited conversion on a portion of the tract (which is mostly zoned for residential), extinguishment of the development rights on the conservation easement “working forest” portion of the tract and creation of a “community forest” on a portion of the tract.</p>
<p>They rely too heavily on even aged management, herbicides, short rotation and clear cut every 40 years. They look piecemeal from the air- mostly.</p> <p>I hope they grow larger trees- that will improve the quality of the trees.</p>	<p>Opinions noted.</p> <p>A review of Green Diamond records indicates that their average rotation age in 2012 was 60 years; the average age over the 11 year period 2011-2021 will be 58.6 years..</p> <p>In practice, GDRC conducts clear cuts beginning at age 45, with stands receiving such treatments ranging in 45-70 years of age. Average age for clear cut stands is approximately 55 to 60 years.</p> <p>The “piecemeal” approach to even-aged harvests is due in part to adherence to the California Forest Practice Rules’ adjacency requirements, which may give THPs harvested at different times a “pixelated” look when viewed together. Adjacency requirements stipulate that no harvest can begin on an even-aged THP adjacent to another even-aged THP until regeneration on the completed unit’s dominant and co-dominant regeneration averages 5 ft. tall and 3 years of age.</p> <p>See previous responses on even-aged management (Major CAR</p>

	2012.2; Minor CAR 2012.16; and Observations 2012.33 and 2012.34) and herbicide use (Minor CAR 2012.19). See also previous response to concerns over timber quality.
Concern was expressed regarding the Humboldt Marten- and its potential listing on the endangered species list. There are less than 100 left and a lot are on your (Green Diamond) property-it's a terrestrial species.	GDRC is conducting research on the Humboldt Marten, which occur on the FMU in cooperation with biologists and faculty at Humboldt State University who are trying to figure out the best management approach. (See Observation 2012.31).
Green Diamond operators are a bit callous. Sometimes they do things that create sediment. It takes the agencies to be less lackadaisical. There could be a lot more happening with erosion control.	Opinions noted. Overall, interviews with state and federal agencies indicate that GDRC is responsive to road, stream crossing and slip failures, and self-reports these issues to agencies. GDRC also inspects sections of the road system after major storm events. Geology and hydrology staff review upcoming THPs and work with road staff to ensure that repairs or upgrades meet specifications. GDRC's Aquatic Habitat Conservation Plan (AHCP) is available to the public and requires annual reporting to the lead agency. Agencies did not report any open actions against GDRC. GDRC summarized its violations of California Forest Practice Rules at the beginning of the FSC evaluation (as required annually). Most of the road system and its watercourse crossings were found to be in good shape during the FSC evaluation, with the exception of a few slips that occurred during a late spring storm event. These slips had not led to any sediment discharge into streams.
Green Diamond was using Atrazine to spray on clear cuts. I can check the day they spray and the rainfall events.	Atrazine is no longer in use. Per its own policy, GDRC has discontinued use of prohibited formulations of 2,4-D on its California timberlands until a valid derogation or preliminary derogation is obtained from FSC IC. Water quality is monitored and herbicide application occurs only under certain weather conditions to avoid drift and ensure uptake by target plants as required under State of California regulations. (FSC Indicator 6.6 a) No non-conformance is warranted related to the herbicides that GDRC currently uses, however, its current chemical use policies are not in conformance to the Standard (Minor CAR 2012.19).
"Simpson" has toxic sites all over its land. Former landings – all over	Opinion noted. The SCS audit team found no evidence of leaks on any equipment

<p>their land where trucks have come in with diesel equipment where there is hydraulic fluid and lot of oil. And probably diesel. Their land is pockmarked with this.</p> <p>So really if they are going to project an image of an environmentally institution they have to deal with their herbicide issues and what they are going to do with the pockmarked toxicity within their holdings. If they start to improve on these things then I would be willing to change my attitude towards them.</p>	<p>inspected at harvest sites. All fuel storage containers examined were spill-proof and stored away from sensitive areas. Most loggers interviewed had spill kits onsite. GDRC also has several training measures and policies that deal with chemical and fuel management, including its Spill Plan, Spill Prevention and Control Training, Hazard Communications Training, Training for Fuel Truck Drivers, Contractor training, and Hazardous Materials Business Plan.</p> <p>GDRC's chemical use policies and practices do not demonstrate adequate conformity to the requirements found in the Standard (see Minor CAR 2012.19).</p>
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4.0 RESULTS OF THE EVALUATION

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

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

Principle/ Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard
P1: FSC Commitment and Legal Compliance	GDRC has several staff members dedicated to legal compliance, all of whom take an approach that emphasizes prevention of problems related to compliance.	See Minor CAR 2012.10 and OBS 2012.27 .
P2: Tenure & Use Rights & Responsibilities	GDRC has an efficient system for tracking deeded and prescriptive rights. Invasions are detected promptly and reported to authorities.	None detected during the audit
P3: Indigenous Peoples' Rights	Interviews with several regional tribes confirmed that GDRC regularly maintains contact with Native American tribes outside of THP requirements.	See OBS 2012.28 .

<p>P4: Community Relations & Workers' Rights</p>	<p>Interviews with human resources staff and union members indicate that salaries typically exceed the prevailing local norm. GDRC provides long-term jobs.</p>	<p>See OBS 2012.29, Minor CAR 2012.11, and Major CAR 2012.1.</p>
<p>P5: Benefits from the Forest</p>	<p>GDRC has maintained staff levels during economic downturn and thus implement core management activities. Multiple local, national and international markets are pursued.</p>	<p>See OBS 2012.30.</p>
<p>P6: Environmental Impact</p>	<p>GDRC's Forest Resources Inventory system, adherence to Cal FPR and WDRs, and many research projects ensure that it detects and responds to road system failures in a timely manner.</p> <p>GDRC engages in a robust array of environmental analyses in support of its forest management operations.</p> <p>GDRC's two habitat conservation plans incorporate an extensive number of practices and restrictions aimed at avoiding impacts to listed species.</p>	<p>See Minor CAR 2012.12, Minor CAR 2012.13, Minor CAR 2012.14, Minor CAR 2012.15, OBS 2012.12, Minor CAR 2012.16, Major CAR 2012.2, Minor CAR 2012.17, Major CAR 2012.3, OBS 2012.31, OBS 2012.32, OBS 2012.33, OBS 2012.34, OBS 2012.35, Minor CAR 2012.18, Minor CAR 2012.19, Minor CAR 2012.20, and Minor CAR 2012.21.</p>
<p>P7: Management Plan</p>	<p>Despite having a large and complex suite of documents that guide forest management activities, all staff members were knowledgeable of management requirements and the roles of each team member.</p>	<p>See Major CAR 2012.4 and Major CAR 2012.5.</p>
<p>P8: Monitoring & Assessment</p>	<p>GDRC staff are knowledgeable of how compliance to HCPs, THPs, and other legally binding programs is monitored.</p> <p>GDRC already engages in a robust array of environmental and operation monitoring programs</p>	<p>See OBS 2012.36, Minor CAR 2012.22, Minor CAR 2012.23, Minor CAR 2012.24, Minor CAR 2012.25 and Major CAR 2012.6.</p>

P9: High Conservation Value Forests	<p>Most areas that automatically qualify as HCVF are already being protected.</p> <p>GDRC personnel have the technical capacity to competently address this subject area.</p> <p>GCRC actively collaborates with state and federal agencies in the identification and protection of special and/or sensitive resources and forest attributes.</p>	See Major CAR 2012.7, Major CAR 2012.8, OBS 2012.37, Minor CAR 2012.26, and Major CAR 2012.9.
P10: Plantations	N/A	N/A
Chain of custody	GDRC has a well-established and detailed accounting system that tracks the flow of logs from the fee lands.	See Minor CAR 2012.24
Group Management	N/A	N/A

4.2 Process of Determining Conformance

4.2.1 Structure of Standard and Degrees of Non-Conformance

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

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

4.2.1 - Interpretations of Major CARs, Minor CARs and Observations

Major CARs: Major non-conformances, either alone or in combination with non-conformances of all other applicable indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These

are corrective actions that must be resolved or closed out before a certificate can be awarded. If Major CARs arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CARs. Certification is contingent on the certified FME's response to the CAR within the stipulated time frame.

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

Observations: These are subject areas where the audit team concludes that there is conformance, but either future non-conformance 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 non-conformance.

4.2.2 Major Non-Conformities

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

4.2.3 Existing Corrective Action Requests and Observations

As GDRC has not sought FSC certification previously, there were no existing corrective action requests at the time of the evaluation.

4.2.4 New Corrective Action Requests and Observations

Note: 9 Major CARs, 17 Minor CARs and 10 Observations were raised as a result of this certification evaluation.

Major Corrective Action Requests

Finding Number: 2012.1			
Select one:	<input checked="" type="checkbox"/> Major CAR	<input type="checkbox"/> Minor CAR	<input type="checkbox"/> Observation
FMU CAR/OBS issued to (when more than one FMU):			

Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC-US National Standard, Indicators 4.4.b & 4.4.c	
<p>Non-Conformity: Mechanisms by which GDRC seeks and considers input in management planning from people who would likely be affected by management activities, including but not limited to those that may be subject to direct adverse effects of management operations, are not coordinated and guided by a unified, systematic approach. Similarly, people who are subject to direct adverse effects of management operations are apprised of relevant activities mainly through legally required channels (e.g., THP and HCP reviews). In addition, tree removal in conjunction with an emergency operation would not have a legally mandated public review opportunity. As a result, the level of stakeholder satisfaction is variable with respect to available pathways for bringing issues of concern to the attention of GDRC.</p>	
<p>Corrective Action Request: Develop, publicize and utilize transparent, consistent and accessible mechanisms for enabling broad stakeholder input and interaction (questions, comments, complaints). Consider input received in management planning and operations. Affirmatively pursue opportunities for substantive dialogue with the full spectrum of stakeholders in the regional community and diversify the means by which GDRC currently engages with stakeholders.</p>	
<p>FME response (including any evidence submitted)</p>	<p>Initial response, November 13, 2012: GDRCo has updated our Forest Management Plan to include a description of our updated stakeholder consultation program (Section 14 of the FMP). Much of this program reflects the community outreach that GDRCo has been involved with for many years. The type of community outreach that we have traditionally undertaken will continue, and several new structured elements have been added, including a commitment to host an annual public stakeholder meeting, the development of a stakeholder comment form and review process, and a commitment to monitor and report on our stakeholder consultation results. We will use a range of methods to interact with the public (public meetings, solicitation of comments through our website, meetings with elected officials, one-on-one contact with neighbours) that should allow for diverse input and interaction.</p> <p>Additional response, January 11, 2013: The on-line stakeholder comment tool is activated on the GDRCo website at: http://www.greendiamond.com/responsible-forestry/california/</p> <p>The first stakeholder meeting will be held on February 13, 2013. That is publicized by posting on our website and by direct email messaging to interested parties.</p> <p>E-mail message was sent to 280 individuals on January 11, 2013. A copy is</p>

	<p>attached in a pdf (Notice of public meeting email.pdf)</p> <p>Public meeting notification is posted at:</p> <p>http://www.greendiamond.com/responsible-forestry/california/</p>
SCS review	<p>Assessment of November 13th response: Closure of this Major CAR is not yet warranted.</p> <p>Closure of this Major CAR requires the activation of the online stakeholder comment tool as well as publicly announcing the date of the first annual stakeholder meeting. For both actions, it is not necessary to make reference to FSC as the reason for the actions. Though not a requirement, it would be helpful if the first annual stakeholder meeting was held prior to award of certification.</p> <p>Assessment of January 11th response: Closure of this Major CAR is warranted.</p> <p>GDRC sent an announcement to interested stakeholders on January 11, 2013 regarding a public meeting to be held in early February 2013. The purpose of the meeting is to receive feedback from the public on GDRC's management practices and activities. At the bottom of the webpage provided, an email address is provided for stakeholders to send comments directly to GDRC.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.2	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Pacific Coast Regional Indicator 6.3.g.1.a.	
<p>Non-Conformity: The level and quality of green tree retention within even-aged regeneration harvest units is below the levels required for the Pacific Coast region under the FSC National Standard. It is not clear if retention levels stipulated in indicator 6.3.g.1.a are required on each regeneration harvest unit rather than being met by broad averages across the property. Ambiguity notwithstanding, harvest units with little or no retention are incompatible with the intent of this Indicator.</p>	

Corrective Action Request: Assure that retention of live trees, comprised of a diversity of zones, clumps and scattered individuals of varying species and size classes-including large and old trees-approaches 30% of pre-harvest basal area on average across the FMU for all harvest openings greater than 6 acres. Assure that live tree retention, for any single harvest unit, is at least 10%, comprised of a diversity of zones, clumps and scattered individuals for varying species and size classes. If rotation lengths are substantively lengthened, the extent of green retention can be commensurately reduced (See OBS 2012.34 related to Indicator 6.3.g.1.e)

**FME response
(including any
evidence
submitted)**

Initial response, November 13, 2012:

Based on a comparison of the Indicator versus the CAR, we believe there are mitigating conditions that should provide for a range of retention (from 10% to 30%+) on a unit-by-unit basis.

The current retention and mitigating conditions are:

1. Opening size: The Indicator requires that openings average 40 acres or less. The average evenage opening on GDRCo is 16 acres. This represents 40% of the FSC target opening size.
2. Harvest age: Over the 12 year period from 2011 to 2022, the average stand age of harvest units ranges from 56 to 62 years. The average age over this period is approximately 59 years.
3. Watercourse Retention: The AHCP specified canopy retention in our Class I and Class II RMZs exceeds the FSC requirements.
4. Slope stability: Under current practices, our geology staff and foresters identify unstable features and provide mitigation that includes avoidance and special harvesting practices. We also identify "Steep Stream Side" zones and headwall swales where special harvesting practices are applied.
5. Shovel yarding: The use of shovel yarding instead of tractor yarding on evenage units minimizes soil disturbance to the equivalent of cable yarding, thereby greatly reducing erosion potential.
6. Legacy Trees: The Terrestrial Deadwood Management Plan (TDWMP) includes retention of FSC defined legacy trees using the large tree scorecard system.
7. Current retention: Our current harvest unit retention (RMZs, Geo areas and other protection zones) exceeds 25% on average for our evenage harvest units. This is exclusive of areas retained for northern spotted owl core areas.

Proposed Additional Retention Measures

The following measures are proposed to increase tree retention in evenage harvest units:

1. Retention of additional structure trees: Our new TREE (Terrestrial Retention Essential Elements) plan has reduced the diameter qualifications for the selection of retained scorecard trees; 30" DBH for

	<p>conifers (was 36") and 18" DBH for hardwoods (was 24")</p> <ol style="list-style-type: none"> 2. Retention of Hardwood Trees: The TREE plan specifies the retention of two larger diameter evergreen hardwood trees per clearcut acre in all evenage harvest units and the retention of additional conifers in units with no RMZ retention. 3. Scenic Corridor: A property-wide policy will be formalized for evenage harvest units that are in close proximity and visible from federal and state highways. 4. Minimum retention: All harvest units will retain at least 10% pre-harvest basal area. 5. Minimum retention in evenage openings: Where TREE retention is limited due to harvest unit design and timber stand composition; retain additional trees to achieve a minimum retention that is equivalent to the basal area of one 18" tree per acre. These retained trees may be conifers or hardwoods retained in clumps or as individual trees. 6. Commercial thinning: Promote thinning to retain more post-harvest trees, and improve tree quality by producing larger diameter trees with a higher percentage of heartwood. This may also result in extended rotation ages. In 2011, 250 acres of thinning THPs were approved. In 2012, 1,000 acres of thinning THPs are planned. This will result in the following shift in the percent of clearcut harvest: <ul style="list-style-type: none"> 2011: Clearcut acres = 75%; Selection/Retention = 25% 2012: Clearcut acres = 63%; Selection/Retention = 21%; Thinning = 16%
SCS review	<p>Assessment of November 13th response: Closure of this Major CAR is warranted.</p> <p>The changes in retention practices associated with even-aged regeneration harvest units coupled with the increased use of partial harvest (thinning) prescriptions is considered to be sufficient to warrant closure of this Major CAR.</p> <p>But due to the lack of an implementation track record, SCS has determined that it is necessary to request a special audit, similar to the special audit conducted in September 2012. This special audit, requiring one SCS auditor spending 1.5 days in the field, is to be held in mid-June 2013.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2012.3

Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US Nat. Standard, Indicators 6.4.a and 6.4.b	
Non-Conformity: GDRCo has not yet undertaken the analytical and consultative tasks regarding and supporting the designation of Representative Sample Areas (RSAs) on the FMU, such as: <ul style="list-style-type: none"> • Documenting the ecosystems that naturally exist on the FMU (6.4.a); • Assessing the adequacy of the current network of protected areas within the eco-region in which the FMU is located based on: <ul style="list-style-type: none"> ○ GAP analyses; ○ collaboration with state natural heritage programs and other public agencies; ○ regional, landscape, and watershed planning efforts; ○ collaboration with universities and/or local conservation groups. • Identifying and designating, as appropriate, RSAs within the FMU that would fill gaps in the current network of protected areas with the eco-region (6.4.b). 	
Corrective Action Request: Complete and document the analytical and consultative actions with respect to Representative Sample Areas that are contained in Indicators 6.4.a and 6.4.b.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012: GDRCo has conducted an RSA analysis and included a summary of the process and the results in the FMP (see section 6.9). Our conclusion from the RSA analysis is that vegetation types within the ecoregions are adequately represented and protected for the maintenance of biodiversity. Therefore, no RSAs have been designated.</p> <p>Additional response, January 11th, 2013: A third party expert was hired to evaluate our claim that the 59 acres of eco-region 1A designated as Douglas-fir/western hemlock is improperly classified. BBW Associates of Arcata was hired for that purpose and conducted the analysis on January 7, 2013. BBW passed the independent third party test in that GDRCo has not conducted business with the firm in more than two years. Kenneth Baldwin of BBW concurred with GDRCo's determination that the 59 acres in the Wiggins tract is the Douglas-fir cover type, not the Douglas-fir/western hemlock cover type. A letter documenting the results of the BBW and Associates analysis is attached in a pdf (<i>BBW letter to Jim Hawkins in re hemlock surevey.pdf</i>).</p> <p>GDRCo identified and established an RSA for the Douglas-fir/western hemlock type in eco-region 1B. That RSA includes a riparian area that is afforded protection category 2 status.</p> <p>GDRCO established three more RSAs, as follows:</p>

	<ol style="list-style-type: none"> 1. Our remaining un-entered old growth redwood timber stands. (Several hundred acres) Although abundant in the park areas immediately to the west, the scarcity of these types in the region (estimated to be between 3 to 5% of the original range) and their location east of the existing park areas make RSA designation appropriate. 2. Prairie areas in the Bald Hills. (Several hundred acres) The Redwood National Park currently spends significant resources maintaining the natural prairies in the Bald Hills to maintain their historical distribution and extent. Designating these prairie areas as RSA acknowledges the regional significance identified by RNP personnel. 3. Rattlesnake Ridge short brush type. (Several hundred acres) Again, although regionally abundant on federal land to the east, this habitat type is regionally significant in that it is habitat for the Pacific (or Humboldt) Marten. This animal is currently being considered as a potential endangered species and it has been located in the area on track-plate and camera surveys. This survey evidence makes the area one of the westernmost habitat areas in the range of the marten – thus creating its significance as an RSA. <p>The FMP as posted online has been revised to describe these RSAs. The FMP can be found at: http://www.greendiamond.com/responsible-forestry/california/reports/GDRCo_2012_FMP_Complete.pdf</p>
<p>SCS review</p>	<p>Assessment of November 13th response: Closure of this Major CAR is not yet warranted.</p> <p>While the basic approach taken by GDRC is analytically valid, indeed exemplary, the justification for not establishing any RSAs on the company’s California estate is insufficiently supported and, in the case of the Douglas-fir/western hemlock vegetation type in eco-regions 1A and 1B, inadequate without third-party review and corroboration. That is, we do not believe that GDRC has adequately justified this “bottom line” conclusion, presented in the Forest Management Plan (page 105):</p> <p>“Our conclusion from the current GAP analysis is that vegetation types within the ecoregions are adequately represented and protected for the maintenance of biodiversity.”</p> <p>With regard to the Douglas-fir/western hemlock forest type, data presented by GDRC reveals that this vegetation type has a very limited distribution in California and that most of the type is found on GDRC land. And of direct significance to Criterion 6.4, there are presently not any acres of this vegetation type in protection categories 1 or 2 in California. The justifications presented as to why</p>

establishment of one or more RSAs on GDRC land in these two eco-regions is not needed are:

1. For eco-region 1A, GDRC asserts that the CalVeg typing is in error and that GDRC's 59 acres should be more appropriately typed as pacific Douglas-fir. SCS concludes that this assertion requires corroboration by a third-party expert.
2. For eco-region 1B, GDRC asserts that establishment of one or more RSAs is not needed because roughly half of the GDRC Douglas-fir/western hemlock acreage in this eco-region is either in WLPZ (asserted to meet protection status category 3) or is designated as HCVF. Designation as HCVF and even WLPZ does not constitute adequate protection under Criterion 6.4. We note that California GAP protection status categories 3 and 4 do not constitute protection under the IUCN GAP system upon which the California system is based. Thus, SCS cannot accept the rationale, as presented to date, for GDRC's decision not to designate any RSAs for the Douglas-fir/western hemlock vegetation type.

We note that GDRC has utilized only one of the four approaches to addressing the RSA obligation (GAP analysis) that are set forth in Indicator 6.4.a and that the other three approaches entail consultation/collaboration with outside experts. Given both the size and intensity of the GDRC operations coupled with the conclusion that establishment of one or more RSAs on the GDRC California estate is not warranted, we conclude that exclusive reliance on the GAP approach is not sufficient and that external consultation must be completed before this Major CAR can be closed.

Assessment of January 11th response:

Closure of this Major CAR is warranted.

BBW's independent review of the ecoregion 1A validates GDRC's claim on the error in CalVeg's typing of the stand. BBW's ground reconnaissance work yielded not a single *Tsuga heterophylla* seedling, cone or tree of any canopy or size class. BBW corroborates the type as Douglas-fir.

Establishment of the other RSA types is consistent with use of the GAP Statuses described in the FSC-US standard. For example, GAP Status 4 for remaining Old growth areas was justified with an explanation that not much of this remaining type is found on private lands and thus potentially subject to resource extraction. Prairies under NPS management may qualify as GAP Status 2 since active management may be used to perpetuate or restore prairie and prairie-woodland

	conditions. Classification of Ecoregion 1B as GAP Status 2 follows a similar logic.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.4	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Criterion 7.1 (indicators 7.1.e, 7.1.h, 7.1.n)	
Non-Conformity: GDRC does not presently have a Forest Management Plan (FMP) that complies with the content requirements set forth in FSC Criterion 7.1:	
<ul style="list-style-type: none"> • 7.1.e: GDRC has not completed its RSA and HCVF sections of the FMP; • 7.1.h: GDRC does not describe how the management system conforms to Criterion 6.6; • 7.1.n: FMP does not include a description of monitoring procedures necessary to address the requirements of all indicators in Criterion 8.2. 	
Corrective Action Request: Complete the management plan, assuring that all of subject areas enumerated in Criterion 7.1 are expressly addressed, therein.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: GDRCo has completed a Forest Management Plan (FMP) dated October 2012 that includes all the elements specified in FSC Criterion 7.1. Specifically: <ul style="list-style-type: none"> • the HCVF analysis results are included in FMP Section 6.8, • the RSA is summarized in FMP Section 6.9, • FSC criterion 6.6 (pesticide use) is addressed in FMP Section 5.1.8.1 and Appendix F, and • Green Diamond’s monitoring program is summarized in FMP Section 7.
SCS review	Assessment of November 13th response: Closure of the Major CAR is now warranted. The GDRC FMP is found to cover all of the requisite subject matters.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.5	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	

FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 7.4.a	
Non-Conformity: GRDC does not presently have a publicly available summary of its Forest Management Plan.	
Corrective Action Request: While respecting landowner confidentiality, complete and make publicly available a summary of the forest management plan, assuring that the summary expressly addresses all of the subject areas set forth in Criterion 7.1.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012: GDRCo has completed an FMP dated October 2012 that includes all the elements specified in FSC Criterion 7.1. GDRCo's October 2012 FMP will be posted on the web at www.greendiamond.com following issuance of the Forest Management Certification.</p> <p>Additional response, January 11, 2013: GDRCo posted the forest management plan on its website at: http://www.greendiamond.com/responsible-forestry/california/reports/GDRCo_2012_FMP_Complete.pdf</p>
SCS review	<p>Assessment of November 13th response: Closure of this Major CAR is not warranted until the Forest Management Plan, or a summary thereof (that addresses the requisite subject areas) is posted on the company's website. Alternatively, GDRC can post on its website, and otherwise make publicly known, that the management plan or a public summary thereof, is available upon request.</p> <p>Assessment of January 11th response: Closure of this Major CAR is warranted.</p> <p>SCS verified that the public summary of the FMP is now on GDRC's website and that it covers the subject areas stipulated in the Criterion.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.6			
Select one:	<input checked="" type="checkbox"/> Major CAR	<input type="checkbox"/> Minor CAR	<input type="checkbox"/> Observation
FMU CAR/OBS issued to (when more than one FMU):			

Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 8.5.a	
Non-Conformity: GRDC does not presently have a publicly available summary of the results of its monitoring program.	
Corrective Action Request: Complete and make publicly available a public summary of the non-confidential results of its monitoring program, assuring that the summary expressly addresses all of the subject areas set forth in Criterion 8.2. Develop and implement procedures for assuring that the public summary is kept up-to-date. Alternatively, periodically make the entire results of monitoring publicly available.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012:</p> <p>A summary of GDRC’s monitoring, research, reporting and adaptive management program is included in the October 2012 FMP (Section 7). The currently available results of the monitoring program will be posted on the web at www.greendiamond.com following issuance of the Forest Management Certification. The monitoring results will be updated annually or as new information is available.</p> <p>Additional response, January 11, 2013:</p> <p>GDRCo has posted monitoring results on the website and prepared a crosswalk table in the format of the five subject areas set forth in C8.2, taking care to assure that social impact assessment is adequately reported. This crosswalk has also been posted to the website.</p> <p>Monitoring reports are at: http://www.greendiamond.com/responsible-forestry/california/</p> <p>Crosswalk table is at: http://www.greendiamond.com/responsible-forestry/california/reports/Monitoring_crosswalk_1_10_2013.pdf</p>
SCS review	<p>Assessment of November 13th response:</p> <p>Closure of this Major CAR is not yet warranted. This CAR and its associated normative requirement, C8.5, focus on publicizing the results of monitoring. GDRC’s initial response to this CAR focuses more on monitoring subject areas and methodologies rather than on results. And, at present, nothing is actually available to the public.</p> <p>Presently, no information about monitoring methodologies, subject areas and results are available on the company’s website. Section 7 of the FMP, not yet available to the public, provides a comprehensive overview of the types of monitoring activities that are undertaken by GDRC and the regulatory contexts in</p>

	<p>which most monitoring activities occur. Section 7 of the FMP focuses on monitoring activities rather than the results of monitoring. But the overview does identify the numerous monitoring reports that are prepared and, typically, conveyed to review agencies.</p> <p>The multiplicity of monitoring activities and reports will present, once they are made publicly available, a challenge to interested stakeholders to easily acquire an understanding of the results of monitoring. Accordingly, GDRC should post on its web site a “cross-walk” table or similar document that presents the results of monitoring activities in the format of the 5 subject areas set forth in C8.2. In doing so, take steps to assure that results of social impact assessment are adequately reported. (SCS does not consider the preliminary response to Minor CAR 2012.11 to be sufficient. Stakeholder consultation is not one and the same with social impact assessment. Rather it is one way of securing data that can be used in a social impact assessment and to review findings. GDRC may wish to consult with a social scientist on approaches to social impact assessment.)</p> <p>Assessment of January 11th response: Closure of this Major CAR is warranted.</p> <p>GDRC prepared a summary table detailing which non-confidential results of monitoring are available to the public and when these results can be expected to be updated. Certain elements currently are available on the GDRC webpage.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.7	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicators 9.1.a and 9.1.b	
Non-Conformity: GDRC has not developed and fully implemented a process for identifying areas within the FMU that possess high conservation values, per FSC Criterion 9.1.	
Corrective Action Request:	
a) Identify and map all areas within the FMU possessing attributes that meet the FSC definition of high conservation values (see Appendix F);	

<p>b) To the extent that data are available, identify and map areas possessing high conservation values on adjacent properties; and</p> <p>c) As part of the identification process, consult with qualified specialists, independent experts, and local community members who may have knowledge of areas that meet the definition of HCVs.</p>	
<p>FME response (including any evidence submitted)</p>	<p>Initial response, November 13, 2012: GDRCo has completed the HCVF analysis including the HCVF stakeholder consultation process. The results of the HCVF analysis are included in the October 2012 FMP (HCVF descriptions and acres in Section 6.8, HCVF monitoring in Section 7, and HCVF Maps in the map section).</p> <p>Additional response, January 11, 2013: GDRCo used the FSC HCVF assessment framework to systematically identify HCVs. A copy of the assessment framework is attached in a Word document (HCVF Assessment Framework December 2012.docx) and the FMP as posted online has been revised to clearly identify the HCVs for each HCVF area.</p> <p>The FMP can be found at: http://www.greendiamond.com/responsible-forestry/california/reports/GDRCo_2012_FMP_Complete.pdf</p>
<p>SCS review</p>	<p>Assessment of November 13th response: Closure of this Major CAR is not yet warranted.</p> <p>Evidence of stakeholder/ expert consultation was presented in separate communication from GDRC. The updated FMP includes a discussion of HCVF, the stakeholder meetings that were held and the designations of HCVF that have been made including several ecosystems mentioned by stakeholders that GDRC classified as HCVF. While this reflects a substantive effort, GDRC has not yet provided evidence that has systematically approached the HCVF designation and management prescription development process in accordance with the six (6) accepted HCVF types detailed in Appendix F of the Standard.</p> <p>Assessment of January 11th response: Closure of this Major CAR is warranted.</p> <p>GDRC has classified its HCVFs according to the six (6) accepted types detailed in Appendix F of the FSC-US Standard.</p>
<p>Status of CAR:</p>	<p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Upgraded to Major</p> <p><input type="checkbox"/> Other decision (refer to description above)</p>

Finding Number: 2012.8

Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 9.2.a	
Non-Conformity: As part of the HCVF process, GDRCo has not yet completed stakeholder and expert consultations that demonstrate conformity to FSC Indicator 9.2.a.	
Corrective Action Request: Undertake, and act upon the results of, consultation with experts and stakeholders to confirm that HCVF areas and their attributes have been accurately identified and that the measures adopted for maintenance and/or enhancement of these HCV attributes are appropriate.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012:</p> <p>GDRCo has completed the HCVF stakeholder consultation process. Three stakeholder meetings were held and results of those meetings were utilized in the HCVF analysis process. For example, GDRCo had identified “grasslands” as a category of HCVF. Information generated as part of the stakeholder process was used to identify specific grassland areas for inclusion, specific risks to grasslands were developed and a commitment to work towards a cooperative management approach with an adjacent landowner with adjoining grasslands was established. The notes from stakeholder meetings are kept on file. The results of the HCVF analysis are included in the October 2012 FMP (HCVF descriptions and acres in Section 6.8, HCVF monitoring in Section 7 and HCVF Maps in the map section).</p> <p>Additional response, January 11, 2013:</p> <p>GDRCo emailed the results of the HCVF assessment to stakeholders from each group that was present at the first meeting but were unable to attend the final stakeholder meeting in October. They were asked for comments on the designation of HCVF areas and designation of conservation measures for the HCVF areas. The email was sent out on January 2, 2013 and a copy is attached in a pdf (HCVF follow up email sent with attachment.pdf). We received one email response from a stakeholder which is attached in a pdf. For those stakeholders who did not respond to the email at least one follow up call was placed. A summary of this outreach effort and the feedback from the stakeholders is attached in a Word document (HCVF outreach summary.docx).</p> <p>A table summarizing actions taken on suggestions made by stakeholders is also provided in a Word document (HCVF_stakeholder_actions.docx).</p>
SCS review	<p>Assessment of November 13th response:</p> <p>Closure of this Major CAR is not yet warranted.</p> <p>Evidence of stakeholder consultation in line with 9.1.b was presented in the FMP. Evidence of consultation consistent with 9.2.a, or an explanation of how discussions in the three public meeting fulfilled this requirement, was not</p>

	<p>presented. For example, explanations on how to treat Late Seral stands, madrone, Sitka spruce, fisher, and marten in the HCVF classification process do not appear to have been provided. Other species of concern, such as Port-Orford-cedar, are found within classified HCVF described in the FMP (Rattlesnake Ridge and Class I and II RMZs). It should be noted that not all HCVs proposed by stakeholders will qualify as HCVs upon consideration by the forest managers.</p> <p>Assessment of January 11th response: Closure of this Major CAR is warranted.</p> <p>GDRC provided evidence that its stakeholder consultations are consistent with both required approaches detailed in indicators 9.1.b and 9.2.a. GDRC provided explanations for species and ecosystem/ stand types not considered as HCVF. Most areas rejected either do not meet any of the six (6) recognized categories or are not found on the FMU. Certain areas that have been proposed as HCV have not yet been classified as such due to the need to conduct more research and coordinated management approaches with adjacent land managers.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.9	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input checked="" type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicators 9.4.a & 9.4.b.	
Non-Conformity: GDRC does not presently have in place a HCVF monitoring procedure that is in conformance with FSC Indicators 9.4.a & 9.4.b.	
Corrective Action Request: Develop, document and implement a procedure for annual monitoring of the effectiveness of measures employed to maintain or enhance the attributes of identified high conservation value forest areas, consistent with the monitoring requirements of FSC Principle 8. The procedure must include a risk-based adaptive mechanism for assuring that the results of monitoring inform adjustments to HCVF management measures.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: GDRCo will monitor the HCVF areas as described in the October 2012 FMP. The HCVF analysis results are included in the October 2012 FMP (HCVF descriptions and acres in Section 6.8, HCVF monitoring in Section 7 and HCVF Maps in the map

	section).
SCS review	<p>Assessment of November 13th response: Closure of this CAR is warranted.</p> <p>GDRC has provided a monitoring procedure consistent with maintaining the identified HCVs. Monitoring of most HCVs will be reported on annually. Examples of monitoring for use in adaptive management include using GDRC's FRIS to detect changes in tree density and aerial photography to detect changes in cover type.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Minor Corrective Action Requests

Finding Number: 2012.10	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): 30 days after award of certification.
FSC Indicator: FSC US National Standard, Indicator 1.6.a	
Non-Conformity: GDRC has not issued a publicly available statement of commitment to manage the FMU in conformance with the FSC standards and policies.	
Corrective Action Request: Develop and make publicly available a statement of commitment to manage the FMU in conformance with the FSC standards and policies.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012: The October 2012 FMP includes a statement indicating Green Diamond's commitment to manage the FMU in conformance with the FSC standards and policies (Section 3.9 on page 33).</p>
SCS review	<p>Assessment of November 13th response: Closure of this CAR is warranted. The FMP is now posted on the company's website and the requisite written commitment is contained therein.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.11	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 4.4.a	
Non-Conformity: GDRC does not presently have a procedure for periodically assessing the social impacts of its management activities and that expressly addresses the subject areas set forth in Indicator 4.4.a.	
Corrective Action Request:	
a) Develop, document and implement a procedure for periodically assessing the social impacts of management activities and that expressly addresses the subject areas set forth in Indicator 4.4.a. b) Prepare an annual summary, available to SCS, of social impact assessment results, to coincide with the annual surveillance audit.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: The October 2012 FMP includes a description of our updated stakeholder consultation program (Section 14 of the FMP) and a description of our monitoring, research, reporting, and adaptive management program (Section 7). Social impact assessment, monitoring and reporting is included as elements of these activities as described in the FMP.
SCS review	Assessment of November 13th response: Response to this Minor CAR is to be fully assessed during the first annual audit after the award of certification, in order to ascertain the degree of implementation of the procedures that have been developed. See also comments in Major CAR 2012.1.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.12	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.1.a	

Non-Conformity: GRDC has not completed an assessment for the presence and condition of rare ecological communities within the FMU (see item 2 of indicator 6.1.a).	
Corrective Action Request: Complete and document an assessment for the presence and condition of rare ecological communities, including rare plant communities, within the FMU.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: This assessment will be completed prior to the next audit. The results will be provided upon completion of the assessment and the FMP will be updated as needed.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.13	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.a.1	
Non-Conformity: Due to ongoing incursion of conifers, the extent and condition of oak-grasslands is diminishing on the GDRG FMU, in conflict with the requirements of Indicator 6.3.a.1.	
Corrective Action Request: In cooperation with public agencies such as DFG as appropriate, design and implement actions to enhance the extent and condition of oak-grasslands on the FMU.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: We are in the planning stages of implementing a PLM (Private Land Management) program with DFG that would make use of active vegetation management to enhance the condition of oak-woodland habitat on Green Diamond lands. We have also committed to working with Redwood National Park to investigate opportunities for cooperative management of grassland and oak woodland areas along our common property lines.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.14	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.a.2	
Non-Conformity: GDRC does not have a procedure for modifying the forest management plan and operational practices when rare ecological communities are found to be present on the FMU.	
Corrective Action Request: Develop, document and implement a procedure for modifying the forest management plan and associated management practices to maintain, restore or enhance the viability of rare ecological communities found on the FMU.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: An assessment for the presence and condition of rare ecological communities will be completed prior to the next audit (see response to CAR #12). A procedure to modify the FMP to maintain, restore or enhance the viability of rare ecological communities will be developed as part of that assessment.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.15	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.d	
Non-Conformity: Planting of redwood on sites previously occupied by other species raises questions as to the expectation, conveyed in Indicator 6.3.d, that the choice of species to plant should maintain or enhance species composition, distribution and frequency of occurrence similar to what would naturally occur on the site.	
Corrective Action Request: Develop, document and utilize an ecological assessment tool to guide decisions on where to plant redwood, to assure site-based ecological appropriateness of those decisions.	

FME response (including any evidence submitted)	Initial response, November 13, 2012: This ecological assessment tool has been developed and is presented in the attached response from Dan Opalach.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification. While GDRC has documented an ecological assessment tool, SCS must evaluate cases in which the tool was used to make field-level decisions.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.16	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.f	
Non-Conformity: Indicator 6.3.f requires that the abundance and distribution of habitat components in the managed forest emulate naturally occurring processes. Habitat components identified in the Indicator include “large live trees.” Based on observations in the harvest sites visited, the audit team concludes that current GDRC harvesting practices are not retaining sufficient large live trees, including legacy trees where present, distributed within harvest units.	
Corrective Action Request: Modify harvesting practices so as to retain a greater number of well-distributed (in clumps and individuals) large, healthy (not just culls) trees. Assure that trees meeting the FSC definition of <i>legacy tree</i> are reserved from harvesting. Begin implementing these changes during the 2012 operating season.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: A greater number of large healthy trees will be retained in our evenage harvest units as described in the response to CAR #2. Example units that demonstrated these standards were operated in 2012. These new retention standards will be fully implemented as follows: <ol style="list-style-type: none"> 1. All THPs submitted after Oct 15, 2012 will incorporate all new retention standards, and 2. All currently submitted or approved THPs purposed for harvest on or after July 1, 2013 will have a minimum of 10% retention. Legacy trees will be identified and retained through Green Diamond’s “scorecard tree” process as described in the FMP. The scorecard tree process is specifically

	<p>designed to identify and retain individual large trees that function as a refuge for wildlife or provide other important wildlife structural habitat values. The smaller diameter scorecard tree threshold that will be implemented as part of the FSC standards described in the response to CAR #2 will increase the number of scorecard trees that will be retained.</p> <p>Additional response, January 11, 2013: In response to Major CAR 2012.2, GDRC updated its response to item #2 above; see items 6 and 7 from the November 13 response and the <i>Proposed Additional Retention Measures</i>.</p>
SCS review	<p>Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification. SCS must evaluate implementation of this CAR in the field.</p> <p>Assessment of January 11th response: SCS must evaluate implementation of this CAR in the field during the special audit described in its response to Major CAR 2012.2.</p>
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.17	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.h	
Non-Conformity: Indicator 6.3.h requires that managers of certified forests develop risk-based strategies to prevent or control invasive species. The audit team concludes that GRDC's present approach to monitoring, risk assessment and strategies for control of invasive species does not demonstrate adequate conformance to this Indicator.	
Corrective Action Request: Develop, document and implement a risk-based exotic species control and prevention strategy, incorporating the four components enumerated in Indicator 6.3.h.	
FME response (including any evidence submitted)	<p>Initial response, November 13, 2012: Green Diamond's updated October 2012 FMP includes a description of our invasive species assessment, control and prevention program (starting on page 124 of the FMP).</p>
SCS review	<p>Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of</p>

	certification. SCS must evaluate implementation of the updated program.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.18	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input checked="" type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.5.e.2	
<p>Non-Conformity: GDRC's AHCP meets the FSC Pacific Coast regional requirements on the core-areas of the FMU for most aquatic ecosystems. On the non-core areas, the GDRC adheres to FPR and Anadromous Salmonid Protection (ASP) rules, which vary from FSC requirements for Class II-1 streams (Class 2, 1st order stream). It is likely that these Class II-1 streams meet FSC Category B definitions.</p> <p>On areas covered under the AHCP, AHCP <i>fluvial</i> ecosystem buffers are in conformance to FSC requirements, but not for <i>other</i> aquatic ecosystems (e.g., ponds, lakes). For example, it is possible for GDRC protections of lakes and wetlands to be less than the FSC standard, particularly when a lake or wetland is larger than 1 acre and would be classified as a Class II feature. In this case, the FSC standard would be a 150 foot buffer zone and GDRC's standard would be a 50 to 100 ft buffer depending on location and type of habitat present (the 50 ft zone would be for a FPR Class II pond or wet area with side slopes less than 30% that does not qualify for AHCP Class II protection).</p>	
<p>Corrective Action Request: Provide documented evidence that the variation in GDRC's watercourse buffer policies, compared to the Class II-1 watercourse protection zones required in Indicator 6.5.e.1 (Regional indicator 6.5.e.1.c), provide equivalent or greater environmental protection in the non-core areas and for the non-fluvial aquatic ecosystems covered under the AHCP. Provide evidence that an independent expert in aquatic ecology or closely related field concurs with the assertion of equivalency (6.5.e.2). Alternatively, modify GDRC's buffer policies to bring them fully in conformance to the Pacific Coast Regional Indicators of the Standard.</p>	
FME response (including any evidence submitted)	Initial response, November 13, 2012: Green Diamond will respond to this CAR within 3 months following certification.
SCS review	Assessment of November 13th response: SCS will evaluate GDRC's response at that time.

Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)
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Finding Number: 2012.19	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.6.b	
Non-Conformity: GDRC's chemical use policies and practices do not demonstrate adequate conformity to the toxicant use requirements found in the Standard (Indicator 6.6.b).	
Corrective Action Request:	
<p>a) Revise and incorporate into the FMP Public Summary GDRC's written policies so as to demonstrate, with data and other evidence, that chemical pesticides (including herbicides) are being used only when one or more of the following circumstances exist with regard to non-chemical methods:</p> <ul style="list-style-type: none"> a. Not available b. Prohibitively expensive c. Not effective d. Result in more environmental damage than chemical alternatives. <p>b) Prepare written strategies that justify the use of chemical pesticides, incorporate a goal of reducing or eliminating chemical use, and that incorporate a goal of phasing out chemical use, whenever feasible.</p> <p>c) Develop/modify procedures to assure that prohibited chemicals are not used on the FMU (without a duly approved derogation) and that an annual report of all chemical use is provided to SCS in conjunction with annual surveillance audits, including the commercial name of the pesticide/ herbicide, active ingredient, quantity applied (kg or lbs), size of area treated, and reason for use.</p>	
FME response (including any evidence submitted)	Initial response, November 13, 2012: GDRC's October 2012 FMP addresses the elements specified in indicator 6.6.b (FMP Section 5.1.8.1 and Appendix F). A reporting of chemicals used will be provided as part of the annual monitoring made available to the public.
SCS review	Assessment of November 13th response: Closure of this CAR is warranted. GDRC's FMP addresses elements a)-c) of the CAR.

Status of CAR:	<input checked="" type="checkbox"/> Closed
	<input type="checkbox"/> Upgraded to Major
	<input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.20	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.10.b	
Non-Conformity: GDRC does not presently have written procedures in place that demonstrate and assure full compliance with the conversion limitations and prohibitions found in the Standard, specifically that the conversion of high conservation value forest areas to non-forest use does not occur.	
Corrective Action Request: Develop, document and implement a screening procedure to assure that forest conversion (to non-forest uses) does not occur on areas possessing high conservation values.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: Green Diamond will respond to this CAR prior to the next audit.
SCS review	Assessment of November 13th response: SCS will evaluate GDRC's response at that time.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.21	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input checked="" type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.10.e	
Non-Conformity: GDRC does not presently have written procedures in place that demonstrate and assure full compliance with the conversion limitations found in the Standard. The forest management plan does not include a justification for land-use and stand-type conversions, including how conversions	

meet the biodiversity conservation requirements of Criterion 6.3.	
Corrective Action Request: Develop a section of the FMP that provides a justification for land-use and stand-type conversions and that demonstrates conformance with the biodiversity conservation requirements of Criterion 6.3.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: Green Diamond will respond to this CAR within 3 months of certification.
SCS review	Assessment of November 13th response: SCS will evaluate GDRC's response at that time.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.22	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 8.2.d.3	
Non-Conformity: GDRC procedures do not adequately conform with the social impact monitoring requirements of the Standard (Indicator 8.2.d.3). Note the cross-references to other Indicators in C4.1 and C4.4.	
Corrective Action Request: Develop, document and implement a formal and consistent procedure for monitoring relevant socio-economic issues, including the subject areas set forth in Indicator 8.2.d.3.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: The October 2012 FMP includes a description of our updated stakeholder consultation program (Section 14 of the FMP) and a description of our monitoring, research, reporting, and adaptive management program (Section 7). Socio-economic monitoring and reporting is included as an element of these activities as described in the FMP.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification. SCS must evaluate implementation of the updated program.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.23	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 8.2.d.4	
Non-Conformity: GDRC procedures do not incorporate adequate monitoring and recording of stakeholder responses to management activities.	
Corrective Action Request:	
a) Develop, document and implement consistent procedures for making stakeholder comment procedures more transparent, standardized and accessible. b) Develop, document and implement consistent procedures for monitoring and affording due consideration to stakeholder responses that are received.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: The October 2012 FMP includes a description of our updated stakeholder consultation program (Section 14 of the FMP). This process is fully described in the public summary of the FMP. It includes annual performance standards for stakeholder outreach, and utilizes a variety of techniques to encourage a broad range of stakeholder participation. A consistent procedure for consideration of stakeholder comment is described and a monitoring program is included.
SCS review	Assessment of November 13th response: This CAR is to be fully assessed by the first annual audit after the award of certification. SCS must evaluate implementation of the updated program.
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.24	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input checked="" type="checkbox"/> Other deadline (specify): Prior to the first sale of certified logs.
FSC Indicator: FSC US National Standard, Indicator 8.3.a (see also SCS FSC Chain of Custody Indicators for Forest Management Enterprises, V5-0)	
Non-Conformity: GDRC's chain-of-custody procedures are not adequately documented, with respect to the FSC/SCS stump-to-gate chain of custody standards:	

COC 1.2: GDRC has not developed a system to maintain complete records of all FSC-related COC activities, including sales and training, for at least 5 years.

COC 1.3: GDRC has not defined all of its forest gate(s)- the points at which FSC-certified material changes legal ownership.

COC 1.4: GDRC has not described the controls for forest gates of high risk (e.g., shipyards) to ensure that there is no risk of mixing of FSC-certified forest products covered by the scope of the FM/COC certificate with forest products from outside of the scope prior to the transfer of ownership.

COC 2.1: GDRC has not included in its procedures a description of how products from the certified forest area are identifiable as certified at the forest gate(s).

COC 2.2: GDRC has not included in its procedures provisions for the maintenance of records of quantities/volumes of FSC-certified product(s). This is especially important as there are other GDRC ownerships not included in the scope of the certificate that ship to the same mills.

COC 2.3: GDRC has not ensured that all sales documents issued for outputs sold with FSC claims include the required information.

COC 4.1: GDRC has not provided the names and contact details of all outsourced service providers in its procedures.

COC 4.2: GDRC has not described how its control system for the outsourced processes ensures conformance to elements (a)-(d) of this indicator.

COC 5.1: GDRC has not ensured that all relevant staff and outsourcers are trained in its COC control system commensurate with the scale and intensity of operations and can demonstrate competence in implementing the COC control system.

COC 5.2: GDRC has not maintained up-to-date records of its COC training and/or communications program, such as a list of trained employees, completed COC trainings, the intended frequency of COC training (i.e. training plan), and related program materials (e.g., presentations, memos, contracts, employee handbooks, etc).

Corrective Action Request: Develop, document and implement stump-to-gate chain-of-custody procedures that conform with the Standard and to the supplementary requirements promulgated by SCS above. *Assure that COC procedures reference supporting documents, records, and data management systems.*

<p>FME response <i>(including any evidence submitted)</i></p>	<p>Initial response, November 13, 2012: GDRCo will address this CAR prior to the first sale of certified logs.</p> <p>Additional response, January 11, 2013: GDRCo prepared a documented control system (DCS) that includes procedures for record keeping, tracking and tracing of forest products from the unit of origin until the point of sale, and staff training and supervision regarding COC.</p>
<p>SCS review</p>	<p>Assessment of November 13th response: SCS will evaluate GDRC's response at that time.</p> <p>Assessment of January 11th response: SCS completed a review of GDRC's DMS and concluded that is has resolved all of</p>

	the COC-related findings detailed in the CAR. The SCS COC indicators for FMEs have been updated in the final version of the report.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.25	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 8.4.a	
Non-Conformity: GDRC's management planning process does not incorporate procedures for monitoring and documenting the degree to which the objectives stated in the FMP are being fulfilled.	
Corrective Action Request: Incorporate into the GDRC planning and monitoring system a procedure for periodically monitoring and documenting the degree to which objectives articulated in the forest management plan are being fulfilled. Articulate in the planning and monitoring system an adaptive feedback mechanism for modifying practices when objectives are not being fulfilled.	
FME response (including any evidence submitted)	Initial response, November 13, 2012: The October 2012 FMP includes a description of our monitoring, research, reporting, and adaptive management program (Section 7).
SCS review	Assessment of November 13th response: Closure of this CAR is warranted. The updated FMP includes procedures for monitoring and documenting the fulfilment of objectives and an adaptive management system.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.26	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	

Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 9.3.c	
Non-Conformity: GDRC does not have in place a process for seeking coordination with adjacent landowners in instances where high conservation values on the FMU are found to cross over onto adjacent land ownerships.	
Corrective Action Request: If HCVF attributes are found by GDRC to cross ownership boundaries, pursue coordination with adjacent landowners or managers for the purpose of HCVF management.	
FME response <i>(including any evidence submitted)</i>	<p>Initial response, November 13, 2012:</p> <p>GDRCo has a long history of working cooperatively with adjacent landowners and managers to maintain and enhance the resource values of areas that are now defined as HCVF area in the FMP. Examples of this include the Lower Klamath Restoration Partnership (LKR) (see page 106 of the FMP), where GDRCo has worked with representatives of the Yurok Tribe Natural Resources Department, the California State Coastal Conservancy, and the Northern California Indian Development Council. This Partnership was formed to facilitate a coordinated approach to watershed restoration planning and to find innovative solutions to resource management issues between private landowners, Tribal interests, and public agencies.</p> <p>Another example is where Green Diamond, in cooperation CalFire, the UC Cooperative Extension (UCCE) office, the US Forest Service, the Natural Resources Conservation Service and with the other affected landowners, formed the Redwood Valley Collaborative (RVC) soon after a Sudden Oak Death infestation was discovered on multiple ownerships in Redwood Valley. The RVC implemented a treatment program in 2011 designed to limit the spread of the infestation in Redwood Valley (see page 123 of the FMP).</p> <p>Green Diamond also works cooperatively with local biologists and landowners to share NSO survey and habitat information to maintain and enhance NSO habitat protection across property lines (FMP page 96).</p> <p>As a result of the HCVF stakeholder consultation process, there is opportunity to cooperatively manage grasslands and oak woodlands that cross between GDRCo and Redwood National Park. This opportunity will be investigated (FMP page 97).</p>
SCS review	<p>Assessment of November 13th response:</p> <p>This CAR is to be fully assessed by the first annual audit after the award of certification. SCS must evaluate implementation of coordinated management in the field.</p>
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

OBSERVATIONS

Finding Number: 2012.27	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 1.6.c	
Justification: Indicator 1.6.c requires that GDRC notify the Certification Body of significant changes in ownership and/or significant changes in management planning within 90 days of such change.	
Observation: To avoid a possible non-conformity in the future, GDRC should develop a written policy or procedure to assure that it will inform SCS of significant changes in ownership and/or management planning within 90 days of such changes.	
FME response (including any evidence submitted)	A procedure to notify SCS of significant changes in ownership or management planning within 90 days will be developed prior to the next audit.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.28	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 3.3.b	
Justification: On the basis of stakeholder interviews conducted during the evaluation, SCS observes that there have been missed opportunities for GDRC to secure the regular collaboration of tribal communities in the monitoring and protection of areas of special tribal significance within the FMU. While legal reporting requirements under the THP process meet the intent of this indicator, GRDC has not established a means for consistent collaboration with and consideration of input and suggestions from tribal communities for consultation over the protection or enhancement of areas of special	

significance.	
Observation: In consultation with tribal communities, GDRC should consider developing measures to protect or enhance areas of special significance (see also Criterion 9.1).	
FME response (including any evidence submitted)	As part of the stakeholder consultation process described in the October 2012 FMP, Green Diamond has committed to a more proactive outreach program to improve the communications between tribal representatives and Green Diamond staff. The objective of this outreach program is to improve communication so that if and when issues may arise, the Native American communities will know that the company is willing to discuss the issues as well as providing a mechanism for those communications. (FMP page 131)
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.29	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 4.2.b	
Justification: In a few instances, the audit team found that first-aid kits were either not present or not easily accessible in field vehicles and logging equipment.	
Observation: GDRC should ensure that first-aid kits are present and easily accessible in all field equipment.	
FME response (including any evidence submitted)	Green Diamond will review our policy and procedures to ensure that first-aid kits are present and easily accessible in field equipment.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.30	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	

Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 5.5.a	
Justification: In the forest management plan, GDRC has identified most of the ecosystem services defined in Indicator 5.5.a i. Metrics for municipal watersheds, fisheries, recreation, and tourism are maintained by government agencies and local organizations, such as the Chamber of Commerce. There are no similar quantitative or qualitative measures to track carbon sequestration and storage on the FMU.	
Observation: There is an opportunity to explore markets for ecosystem services, such as forest carbon offsets, and to track carbon storage on the FMU.	
FME response (including any evidence submitted)	GDRCo has been involved in the development of opportunities for the carbon offset market since soon after the passage of AB 32. One of our managers (Gary Rynearson) was appointed to the joint CAR/ARB Forestry Management Protocol Committee, and worked for over two years on the development of the Forestry Protocols that were adopted by the ARB. GDRCo has continued to monitor the carbon market and has worked with outside consultants to identify potential carbon projects. We have also modified our inventory procedures to ensure that we have inventory data on all of the necessary carbon pools. We will continue to monitor the carbon offset markets, especially in response to the emerging regulatory markets.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.31	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.b	
Justification: Several stakeholders expressed concern over the conservation of the Humboldt marten, as well as its potential listing on the Federal Endangered Species List. GDRC has conducted its own research and surveys on the species and has been engaged in preliminary discussions with government agencies and other landowners on protection measures.	

Observation: Completion of negotiations and execution of a MOU for multi-ownership cooperation in management for Humboldt marten would enhance conformity to this Indicator.	
FME response (including any evidence submitted)	GDRCo is signatory to a Humboldt Marten Conservation MOU that went into effect on September 26, 2012. Other parties to the MOU include the USFWS, CDFG, NPS, California Park Service, USFS, USFS PSW Research Station and the Yurok Tribe. The purpose of the MOU is to provide a framework for cooperation and coordination between parties and encourage conservation efforts for the marten.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.32	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.e	
Justification: When planting is required, a local source of known provenance is used when available and when the local source is equivalent in terms of quality, price and productivity. The use of non-local sources of grass seed for erosion control is justified since the State reviews seed mixes for invasive characteristics and then recommends seed mixes based on their risk of invasiveness.	
Observation: Conformity to Indicator 6.3.e would be enhanced through the use of native grass seed mixes for erosion control.	
FME response (including any evidence submitted)	To be addressed at next audit.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.33	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	

Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.g.1.b	
Justification: GDRC demonstrated objective evidence supporting use of even-aged management on the FMU, including meeting at least one of the three options set forth in Indicator 6.3.g.1.b: 1) native species require openings for regeneration or vigorous young-stand development. GDRC asserts that it also meets the third option for even-aged management, specifically that 3) it is needed to restore structural diversity in a landscape lacking openings while maintaining connectivity of older intact forests.	
Observation: The justification for the use of even-aged silviculture would be enhanced if GDRC secured independent expert corroboration of the company's "Option 3" argument.	
FME response (including any evidence submitted)	This has been done and a copy of the independent review is attached.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2012.34	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.3.g.1.e	
Justification: Indicator 6.3.g.1.e states that, "If regeneration harvest ages do not approach culmination of mean annual increment (CMAI), retention approaches the upper end of the range required in Indicator 6.3.g.1.a." Intermediate treatments and increased rotation length tend to reduce retention requirements and have the added benefit of allowing for the planned recruitment of retention structures required in C6.3.	
Observation: Expanded use of commercial thinning and associated extension of rotation lengths would justify lower in-stand green tree retention compared to what is required under current rotations and (limited) use of thinning regimes (see Major CAR 2012.2).	

FME response (including any evidence submitted)	See response to Major CAR 2012.2.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2012.35	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 6.4.d	
Justification: The RSA assessment (Indicator 6.4.a) must be periodically reviewed and if necessary updated (at a minimum, every 10 years) in order to determine if the need for RSAs has changed; the designation of RSAs (Indicator 6.4.b) is revised accordingly if the need has changed.	
Observation: To avoid a future non-conformity, GRDC should develop and document a policy for the periodic review (minimum, every 10 years) of its RSA assessment process and the areas that have been designated pursuant to that assessment process.	
FME response (including any evidence submitted)	This has been incorporated into the FMP in Section 6.9.
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> <i>Other decision (refer to description above)</i>

Finding Number: 2012.36	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	

Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator: FSC US National Standard, Indicator 8.2.c	
Justification: Conformance to clause (3) of Indicator 8.2.c will be established upon closure of Minor CAR 2012.17; failure to close that CAR in a timely manner will result in an additional non-conformity being raised against Indicator 8.2.c.	
Corrective Action Request: GDRC should assure that it develops a mechanism to maintain conformance to Indicator 8.2.c, clause (3).	
FME response (including any evidence submitted)	Green Diamond's updated October 2012 FMP includes a description of our invasive species assessment, control and prevention program (starting on page 124 of the FMP).
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

5.0 CERTIFICATION DECISION

Certification Recommendation	
FME be awarded FSC certification as a "Well-Managed Forest" subject to the minor corrective action requests stated in Section 4.2.4.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Forest Conservation Program evaluation protocols. If certification is recommended, the FME has satisfactorily demonstrated the following without exception:	
FME has addressed any Major CAR(s) assigned during the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
FME has demonstrated that their system of management is capable of ensuring that all of the requirements of the applicable standards are met over the forest area covered by the scope of the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
FME has demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: This evaluation generated a number of major and minor corrective action requests as well as formal observations. With respect to the Major CARs, GDRC has successfully developed and implemented numerous changes in procedures. And by the time of the first annual surveillance audit, the company will have completed a larger number of additional changes in practices and procedures that are the foci of the Minor CARs. In light of the importance of the changes that were completed prior	

to award of certification, SCS will be conducting a special audit in mid-June, 2013. The 2013 annual surveillance audit will be conducted later in the year, likely in late autumn or early winter.