



2000 Powell St., Suite 600
Emeryville, CA 94608, USA

www.scs-certified.com

Brendan Grady

bgrady@scs-certified.com

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

Swanton Pacific Ranch

California Polytechnic Corporation

SCS-FM/COC-00071N

125 Swanton Rd, Davenport, CA 95017

Steve Auten: sauten@calpoly.edu

www.spranch.org

CERTIFIED	EXPIRATION
05/03/09	05/03/14

DATE OF FIELD AUDIT
12/18/12
DATE OF LAST UPDATE
10/7/13

Organization of the Report

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

FOREWORD

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

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

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

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

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Annual Audit Team

Auditor Name:	Dr. Robert Hrubes	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 public and public forest management issues. He is the principal architect of the SCS Forest Conservation Program, accredited by the Forest Stewardship Council since 1995. He is currently Executive Vice-President of Scientific Certification Systems. Dr. Hrubes has served as lead auditor for a large number of SCS Forest Conservation Program certification evaluations of North American public forests, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Chile, Brazil, Papua New Guinea, Japan, Malaysia, Australia and New Zealand. Dr. Hrubes holds graduate degrees in forest economics, economics and resource systems management from the University of California-Berkeley and the University of Michigan. His professional forestry degree (B.S.F. with double major in Outdoor Recreation) was awarded from Iowa State University.			

1.2 Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	1
B. Number of auditors participating in on-site audit:	1
C. Additional days spent on preparation, stakeholder consultation, post-site follow-up and report writing:	2.0
D. Total number of person days expended in audit:	3.0

1.3 Standards Employed

1.3.1. Applicable FSC-Accredited Standards

Title	Version	Date of Finalization
FSC-US Forest Management Standard	1-0	8 – July – 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).		

2.0 ANNUAL AUDIT DATES AND ACTIVITIES

2.1 Annual Audit Itinerary and Activities

Date: December 18 th , 2012	
FMU/Location/ Sites Visited	Activities/ notes

SPR Conference Center— Opening Meeting	8:30 AM—Opening Meeting <ul style="list-style-type: none"> • Introductions and Statement of Scope of Audit • Update by Lead Auditor of FSC developments since the prior audit • Overview by SPR personnel on activities on and any pertinent changes associated with the certified FMU 9:00 AM—Presentation of SPR responses to open CARs and OBS 9:30 AM—Auditor questions and discussion related to in-scope FSC criteria 10:00 AM—Finalization of field itinerary
Field Reconnaissance	10:30—Head to the field—walking tour along Scotts Creek; focus on legacy tree definition and designations; ancillary discussions re watercourse buffers and site hydrology 4:00—Closing meeting <ul style="list-style-type: none"> • Presentation of audit findings 4:45—Adjourn the audit

3.0 CHANGES IN MANAGEMENT PRACTICES

The FME reported, and the Lead Auditor confirmed, that there have been no changes in management practices employed on the Swanton Pacific Ranch since the prior annual surveillance audit.

4.0 RESULTS OF THE SURVEILLANCE AUDIT

4.1 Existing Corrective Action Requests and Observations

Finding Number: 2011.1	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> Next audit (surveillance or re-evaluation) <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-US Forest Management Standard V1.0, indicator 6.3.f
Non-Conformity: The Standard requires that “legacy trees where present are not harvested.” While the certificate holder has policies in place to protect old growth trees from harvest, the certificate holder does not maintain a policy that ensures that legacy trees are not harvested.	
Corrective Action Request: The certificate holder must create a policy regarding protection of legacy trees from harvest. This policy must include a definition of the term “legacy tree” that can be used to identify individual trees to be protected from harvest.	
FME response	The Swanton Pacific Ranch Legacy Tree document was submitted to SCS at the

<i>(including any evidence submitted)</i>	time of the surveillance audit.
SCS review	The SCS lead auditor finds the SPR response to this Minor Corrective Action Request to be thorough and complete, indeed exemplary. The criteria that were developed for determining which trees should qualify as “legacy trees” were found to be appropriate and compatible with the FSC certification standard. The methodology by which qualifying trees were identified was found to be appropriate for the scale and intensity of operations. And the resulting 18 trees judged to meet the criteria was found by the lead auditor to be a defensible and appropriate outcome of the process. Overall, the approach to legacy tree definition and identification was found to be fully adequate. Accordingly, closure of this Minor CAR is warranted.
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: 2011.2	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
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 Forest Management Standard V1.0, indicator 5.5a
Issue: <p>The Standard requires that the certificate holder “identifies and defines appropriate measures for maintaining and/or enhancing forest services and resources that serve public values, including... carbon storage and sequestration...” As evidence of conformance to this indicator, the audit team was presented with an analysis of carbon sequestration opportunities for the Valencia tract. While the audit team deemed this analysis to provide sufficient evidence of conformity to this indicator, there is an opportunity to strengthen conformance to the indicator by broadening the scope of analysis to include the entire FMU.</p>	
Observation: <p>The certificate holder should consider producing additional analyses, as necessary, to ensure that carbon storage and sequestration opportunities have been considered for the entire FMU.</p>	
FME response <i>(including any evidence submitted)</i>	The forest manager discussed with the SCS lead auditor ongoing consideration paid to carbon markets by members of the Cal Poly forestry faculty. As with prior years, the general conclusion is that the manner by which “common practice” baselines are computed under the CAR program and, now, the ARB program are

	not conducive to the creation of a financially viable forest carbon offset project on SWP.
SCS review	The Lead Auditor sees no further need for maintaining this Observation and, as such, concludes that it should be closed.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

4.2 New Corrective Action Requests and Observations

No new Corrective Action Requests or Observations were raised by the SCS Lead Auditor during the 2012 annual surveillance audit of Swanton Pacific Ranch.

5.0 STAKEHOLDER COMMENTS

In accordance with SCS protocols, consultation with key stakeholders is an integral component of the evaluation process. In the FSC/SCS vernacular an “evaluation” takes place once every 5 years at which time the focus is on the full scope of the certification standard. It is in conjunction with these 5-yearly, full-scope evaluations that stakeholder consultation is a required element of the due diligence. 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).

For annual surveillance audits (conducted in the 4 intervening years between 5-year evaluations, stakeholder consultation is an optional activity and, in any event, is much less extensive. The level of stakeholder consultative effort undertaken as part of an annual surveillance audit is driven by factors such as:

- Level of stakeholder interest/concerns/objections brought to SCS’ attention during the prior 12 months
- Extent of change in management policies and practices on the subject forest management operation
- Intensity of timber harvesting and appurtenant activities (e.g., road building, site preparation).

In the case of Swanton Pacific Ranch, there were no stakeholder comments directed to SCS during the prior 12 months and the policies and practices employed on the ranch have not undergone significant changes. Further, there has been a low intensity level of site-disturbing activities on the forested portions of the Ranch during the past 12 months. These factors all contribute to a conclusion that external stakeholder consultation was not warranted.

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

5.1 Stakeholder Groups Consulted

FME Staff	
Mr. Steve Auten	Forest manager, SWP
Dr. Brian Dietterick	Ranch director and faculty advisor
Dr. Rich Thompson	Cal Poly Faculty Member
Mr. Ben Han	Graduate Student (observer)
Professional Resource Managers	
Ms. Janet Webb	RPF, Forest Manager, Big Creek Lumber Company
Ms. Nadia Hamey	RPF, Forester, Big Creek Lumber Company
Mr. Mike Jani	RPF, President, Humboldt Redwood Company

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

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

FME and SCS have not received any unsolicited stakeholder comments from interested parties as a result of stakeholder outreach activities leading up to this annual audit. Of the three outside RPFs contacted prior to the audit, all commenters had no concerns or issues with the manner in which the forest resources on Swanton Pacific Ranch are being managed.		<div>X</div>
Stakeholder comments	SCS Response	
Economic concerns		
Social concerns		

Environmental concerns	

6.0 CERTIFICATION DECISION

<p>The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship standards. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME's response to any open CARs.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Comments: The management of Swanton Pacific Ranch's forest estate remains in very strong overall compliance with the FSC-US National Standard for Forest Stewardship. The forest managers are to be commended for this high level of performance.</p>	

7.0 CHANGES IN CERTIFICATION SCOPE

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

Name and Contact Information

Organization name	Cal Poly-San Luis Obispo		
Contact person	Steven Auten		
Address	Telephone	831-458-5413	
	Fax		
	e-mail		
	Website		

Conservation Areas

Total area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives		12 acres	
High Conservation Value Forest/ Areas			
High Conservation Values present and respective areas:			Units: <input type="checkbox"/> ha or <input type="checkbox"/> ac
	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).		
<input type="checkbox"/>	HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.		
<input checked="" type="checkbox"/>	HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.		
<input checked="" type="checkbox"/>	HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		
<input type="checkbox"/>	HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		
<input 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).		
Total Area of forest classified as 'High Conservation Value Forest/ Area'				1000 ac

8.0 ANNUAL DATA UPDATE

8.1 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):		
5 male workers	0 of female workers	
Number of accidents in forest work since last audit	Serious: 0	Fatal: 0

8.2 Annual Summary of Pesticide and Other Chemical Use

☒ FME does not use pesticides.

SECTION B – APPENDICES (CONFIDENTIAL)

Appendix 1 – List of FMUs Selected For Evaluation

- ☒ FME consists of a single FMU
☐ FME consists of multiple FMUs or is a Group

For the 2012 surveillance audit, the SCS lead auditor selected a subset of the FMU for a walking reconnaissance, along the forested slopes on the west of Scott Creek.

Appendix 2 – Evaluation of Management Systems

The management systems employed in the administration and management of the forest estate within the Swanton Pacific Ranch remains unchanged from the prior annual surveillance audit. Furthermore, there have been no changes in key personnel responsible for carrying out the management system. Accordingly, no concerns or issues arose about the SPR forest management system during the 2012 annual surveillance audit.

Appendix 3 – List of Stakeholders Consulted

List of FME Staff Consulted

Name	Title	Contact	Consultation method
Steve Auten	Forest Manager		In-person interview
Brian Dietterick	Ranch Director		In-person interview
Rich Thompson	Faculty Member		

List of other Stakeholders Consulted

Name/ Title	Organization	Contact	Consultation method
Janet Webb	Big Creek		Telephone interview
Nadia Hamey	Big Creek		Personal interview
Mike Jani	HRC		Telephone interview

Appendix 4 – Additional Audit Techniques Employed

No additional audit techniques were employed during this evaluation. That is, this audit relied upon:

- Document reviews
- Field observations, this year gained through a walking tour along Scott Creek

- Oral interviews with SPR personnel.

Appendix 5 – Pesticide Derogations

<input checked="" type="checkbox"/> There are no active pesticide derogations for this FME.		
Name of pesticide/ herbicide (active ingredient)		Date derogation approved
Condition	Conformance (C/ NC)	Evidence of progress

Appendix 6 – Detailed Observations

Evaluation year	FSC P&C Reviewed
2009	All – Recertification Evaluation
2010	C4.4, P6, C7.1, C7.2, C7.4
2011	C1.2, C1.6, C3.2, C4.2, C4.4, C5.5, C6.1, C6.3, C6.6, C6.8, C6.10, C7.1, C7.3, C8.1, C9.1
2012	C1.1, C1.4, C1.5, C2.1, C2.3, C3.3, C4.3, C4.5, C5.1, C5.2, C8.3, C9.4
2013	

C= Conformance with Criterion or Indicator

NC= Non-Conformance with Criterion or Indicator

NA = Not Applicable

NE = Not Evaluated

REQUIREMENT	CONFORMANCE	COMMENT/CAR
P1 Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.		
C1.1 Forest management shall respect all national and local laws and administrative requirements.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
1.1.a. Forest management plans and operations demonstrate compliance with all applicable federal, state, county, municipal, and tribal laws, and administrative requirements (e.g., regulations). Violations, outstanding complaints or investigations are provided to the Certifying Body (CB) during the annual audit.	C	The SPR forest plan demonstrates compliance with all applicable laws and administrative requirements.
1.1.b. To facilitate legal compliance, the forest owner or manager ensures that employees and contractors, commensurate with their responsibilities, are duly informed about applicable laws and regulations.	C	SWP demonstrate competent awareness and knowledge of applicable laws and regulations.
C1.4. Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and the involved or affected parties.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.

1.4.a. Situations in which compliance with laws or regulations conflicts with compliance with FSC Principles, Criteria or Indicators are documented and referred to the CB.	C	No such situations have arisen
C1.5. Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
1.5.a. The forest owner or manager supports or implements measures intended to prevent illegal and unauthorized activities on the Forest Management Unit (FMU).	C	Ranch personnel actively monitor roads and trails and, if needed, work with the county sheriff's department There are some trespass issues, especially on the more remote Valencia tract—mostly off-road motorcycles
1.5.b. If illegal or unauthorized activities occur, the forest owner or manager implements actions designed to curtail such activities and correct the situation to the extent possible for meeting all land management objectives with consideration of available resources.	C	Gates are locked, but the locks are frequently compromised Some neighbors are asserting a prescriptive right to use the road on the "panhandle" S.Auten is trying to resolve this matter through informal channels
P2 Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.		
C2.1. Clear evidence of long-term forest use rights to the land (e.g., land title, customary rights, or lease agreements) shall be demonstrated.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
2.1.a. The forest owner or manager provides clear evidence of long-term rights to use and manage the FMU for the purposes described in the management plan.	C	It is beyond question that the Cal Poly Corp., a 501©3 is the rightful owner of the property.
2.1.b. The forest owner or manager identifies and documents legally established use and access rights associated with the FMU that are held by other parties.	C	A register of all rights held by others is kept in Brian's office. No claims of unrecognized rights have been brought to the attention of the auditors. SPR and Cal Poly personnel maintain active dialogue with members of the Smith family
2.1.c. Boundaries of land ownership and use rights are clearly identified on the ground and on maps prior to commencing management activities in the vicinity of the boundaries.	C	Boundaries are surveyed prior to harvesting operations that may take place on the periphery of the property Boundaries on the Valencia tract are being surveyed and flagged prior to the planned 2013 harvests
C2.3. Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
2.3.a. If disputes arise regarding tenure claims or use rights then the forest owner or manager initially attempts to resolve them through open communication, negotiation, and/or mediation. If these good-faith efforts fail, then federal, state, and/or local laws are employed to resolve such disputes.	C	SPR and Cal Poly personnel have actively engaged, for the purpose of arriving at an amicable resolution, one member of the Smith family who has had concerns about erosion. But that really does not rise to a claim over use rights. Regardless, ranch and university personnel have demonstrated a consistent commitment to early and informal resolution of matters that may arise. Recent examples are Valencia and Upper Fern Flat Road Association
2.3.b. The forest owner or manager documents any significant disputes over tenure and use rights.	C	Records are kept by the Ranch Director
P3 The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.		
C3.3. Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
3.3.a. The forest owner or manager invites consultation with tribal	C	The Forest Practice Act requires written notice, including at the time a

representatives in identifying sites of current or traditional cultural, archeological, ecological, economic or religious significance.		NTMP is submitted to CalFire for approval. Nine members of the Native American Heritage Commission employed at the time of submittal of the SPR NTMP
3.3.b. In consultation with tribal representatives, the forest owner or manager develops measures to protect or enhance areas of special significance (see also Criterion 9.1).	C	Through the FNR 475 summer course, SPR personnel have engaged in interaction and consultation with Native American representatives—Chuck Stripland participates in FNR 475 each year and in 2012 he brought an ethno-botanist. There is also a focus on archeology.
P4 Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.		
C4.3 The rights of workers to organize and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labor Organization (ILO).	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
4.3.a. Forest workers are free to associate with other workers for the purpose of advocating for their own employment interests.	C	State law assures this Cal Poly faculty are unionized
4.3.b. The forest owner or manager has effective and culturally sensitive mechanisms to resolve disputes between workers and management.	C	University employees have dispute resolution mechanisms available to them There have been no grievances in the past year
C4.5. Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
4.5.a. The forest owner or manager does not engage in negligent activities that cause damage to other people.	C	No such incidents in the past year
4.5.b. The forest owner or manager provides a known and accessible means for interested stakeholders to voice grievances and have them resolved. If significant disputes arise related to resolving grievances and/or providing fair compensation, the forest owner or manager follows appropriate dispute resolution procedures. At a minimum, the forest owner or manager maintains open communications, responds to grievances in a timely manner, demonstrates ongoing good faith efforts to resolve the grievances, and maintains records of legal suites and claims.	C	Clearly, SPR staff are committed to being good neighbors; a solid ethic and track record of being cooperative with neighbors and stakeholders is well established
4.5.c. Fair compensation or reasonable mitigation is provided to local people, communities or adjacent landowners for substantiated damage or loss of income caused by the landowner or manager.	C	No such incidents in the past year. The lead auditor is confident that if such an incident were to arise that SPR personnel would handle the situation in a manner thoroughly consistent with this Indicator
P5 Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
C5.1. Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
5.1.a. The forest owner or manager is financially able to implement core management activities, including all those environmental, social and operating costs, required to meet this Standard, and investment and reinvestment in forest management.	C	Cal Poly Corp is well endowed and with substantial capital reserves Funding is back to normal levels to pre-Lockheed Fire levels There are sufficient funds made available each year for road maintenance and similar activities Funding is available for key investments in the Valencia tract for re-zoning and CFI plot measurement

		The forest manager expressed satisfaction with the overall level of funding, when asked by the Lead Auditor
5.1.b. Responses to short-term financial factors are limited to levels that are consistent with fulfillment of this Standard.	C	Given the ownership structure, this is mostly an irrelevant scenario
C5.2. Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.		Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
5.2.a. Where forest products are harvested or sold, opportunities for forest product sales and services are given to local harvesters, value-added processing and manufacturing facilities, guiding services, and other operations that are able to offer services at competitive rates and levels of service.	C	On-site milling of lumber is for ranch use, only Essentially all commercial timber sold on the ranch is milled at the local Big Creek sawmill Ground-based logging is done by local crews, exclusively; helicopter logging done by Columbia (non-local) as there are no local such service providers
5.2.b. The forest owner or manager takes measures to optimize the use of harvested forest products and explores product diversification where appropriate and consistent with management objectives.	C	95% of harvested/sold logs is high-value redwood that is used exclusively for the production of solid wood products Douglas fir harvesting is done at a net financial loss On-site mill is used for ranch construction projects SPR is still considering but has not acted on implementing local merchandizing of ranch-sawn wood products
P8 Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.		
<i>Applicability Note: On small and medium-sized forests (see Glossary), an informal, qualitative assessment may be appropriate. Formal, quantitative monitoring is required on large forests and/or intensively managed forests.</i>		
C8.3. Documentation shall be provided by the forest manager to enable monitoring and certifying organizations to trace each forest product from its origin, a process known as the "chain of custody."	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
8.3.a. When forest products are being sold as FSC-certified, the forest owner or manager has a system that prevents mixing of FSC-certified and non-certified forest products prior to the point of sale, with accompanying documentation to enable the tracing of the harvested material from each harvested product from its origin to the point of sale.	C	Truck tickets are the main paper work associated with the sale of certified logs Given the proximity to the Big Creek sawmill, there is essentially zero chance that SPR logs could be inadvertently mixed with logs from uncertified forests prior to reaching the mill gate. There is a 10-year "Forestry Services and Timber Sale Contract" executed between SPR and Big Creek
8.3.b The forest owner or manager maintains documentation to enable the tracing of the harvested material from each harvested product from its origin to the point of sale.	C	Truck tickets serve this purpose
P9 Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.		
High Conservation Value Forests are those that possess one or more of the following attributes:		
a) Forest areas containing globally, regionally or nationally significant: concentrations of biodiversity values (e.g., endemism, endangered species, refugia); and/or large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance b) Forest areas that are in or contain rare, threatened or endangered ecosystems c) Forest areas that provide basic services of nature in critical situations (e.g., watershed protection, erosion control) d) Forest areas fundamental to meeting basic needs of local communities (e.g., subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		

C9.4. Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.	C	Adequate conformity to this Criterion has been confirmed during the 2012 annual surveillance audit.
9.4.a. The forest owner or manager monitors, or participates in a program to annually monitor, the status of the specific HCV attributes, including the effectiveness of the measures employed for their maintenance or enhancement. The monitoring program is designed and implemented consistent with the requirements of Principle 8.	C	Numerous HCVFs have been established on SPR and are recorded on two different map layers Coho monitoring activities are ongoing SPR managers are tracking the possible listing of red-legged frog, presently being reviewed by the USF&WS
9.4.b. When monitoring results indicate increasing risk to a specific HCV attribute, the forest owner/manager re-evaluates the measures taken to maintain or enhance that attribute, and adjusts the management measures in an effort to reverse the trend.	C	No such situation has arisen in the past year but the Lead Auditor is confident that SPR personnel would take appropriate and precautionary actions in the event that a heightened risk to HCVF's were detected.

Appendix 7 – Chain of Custody Indicators for FMEs

☒ Chain of Custody indicators were not evaluated during this annual audit.

REQUIREMENT	C/NC	COMMENT/CAR
1. Quality Management		
1.1 The organization shall appoint a management representative as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.		
1.2 The FME shall maintain complete records of all FSC-related COC activities, including sales and training, for at least 5 years.		

<p>1.3 The FME shall define its forest gate(s) (check all that apply): <i>The forest gate is defined as the point where the change in ownership of the certified-forest product occurs.</i></p>		<p><input type="checkbox"/> Stump <i>Stumpage sale or sales of standing timber; transfer of ownership of certified-forest product occurs upon harvest.</i></p> <p><input type="checkbox"/> On-site concentration yard <i>Transfer of ownership of certified-product occurs at concentration yard under control of FME.</i></p> <p><input type="checkbox"/> Off-site Mill/Log Yard <i>Transfer of ownership occurs when certified-product is unloaded at purchaser's facility.</i></p> <p><input type="checkbox"/> Auction house/ Brokerage <i>Transfer of ownership occurs at a government-run or private auction house/ brokerage.</i></p> <p><input type="checkbox"/> Lump-sum sale/ Per Unit/ Pre-Paid Agreement <i>A timber sale in which the buyer and seller agree on a total price for marked standing trees or for trees within a defined area before the wood is removed — the timber is usually paid for before harvesting begins. Similar to a per-unit sale.</i></p> <p><input type="checkbox"/> Log landing <i>Transfer of ownership of certified-product occurs at landing/yarding areas.</i></p> <p><input type="checkbox"/> Other (Please describe):</p>
<p>1.4 The FME shall have sufficient control over its forest gate(s) 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.</p>		
<p>1.5 The FME and its contractors shall not process FSC-certified material prior to transfer of ownership at the forest gate without conforming to applicable chain of custody requirements. <i>NOTE: This does not apply to log cutting or de-barking units, small portable sawmills or on-site processing of chips/biomass originating from the FMU under evaluation.</i></p>		
<p>2. Product Control, Sales and Delivery</p>		
<p>2.1. Products from the certified forest area shall be identifiable as certified at the forest gate(s).</p>		
<p>2.2 The FME shall maintain records of quantities/volumes of FSC-certified product(s).</p>		

<p>2.3. The FME shall ensure that all sales documents issued for outputs sold with FSC claims include the following information:</p> <ul style="list-style-type: none"> a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Forest Management (FM/COC) or FSC Controlled Wood (CW/FM) code; g) clear indication of the FSC claim for each product item or the total products as follows: <ul style="list-style-type: none"> i. the claim "FSC 100%" for products from FSC 100% product groups; ii. the claim "FSC Controlled Wood" for products from FSC Controlled Wood product groups. h) If separate transport documents are issued, information sufficient to link the sales document and related transport documentation to each other. 		
<p>2.4 The FME shall include the same information as required in 1.2.3 in the related delivery documentation, if the sales document (or copy of it) is not included with the shipment of the product.</p> <p>Note: 2.3 and 2.4 above are based on FSC-STD-40-004 V2-1 Clause 6.1.1 and 6.1.2</p>		

<p>2.5 When the FME has demonstrated it is not able to include the required FSC claim as specified above in 6.1.1 and 6.1.2 in sales and delivery documents due to space constraints, through an exception, SCS can approve the required information to be provided through supplementary evidence (e.g. supplementary letters, a link to the own company's webpage with verifiable product information). This practice is only acceptable when SCS is satisfied that the supplementary method proposed by the FME complies with the following criteria:</p> <ul style="list-style-type: none"> a) There is no risk that the customer will misinterpret which products are or are not FSC certified in the document; b) The sales and delivery documents contain visible and understandable information so that the customer is aware that the full FSC claim is provided through supplementary evidence; c) In cases where the sales and delivery documents contain multiple products with different FSC Claims, a clear identification for each product shall be included to cross-reference it with the associated FSC claim provided in the supplementary evidence. <p><i>FSC-ADVICE-40-004-05</i></p>		
3. Labeling and Promotion		<input type="checkbox"/> n/a
3.1 Describe where/how the organization uses the SCS and FSC trademarks for promotion.		
3.2 The FME shall request authorization from SCS to use the FSC on-product labels and/or FSC trademarks for promotional use.		
3.3 Records of SCS and/or FSC trademark use authorizations shall be made available upon request.		
4. Outsourcing		<input type="checkbox"/> n/a
4.1 The FME shall provide the names and contact details of all outsourced service providers.		

<p>4.2 The FME shall have a control system for the outsourced process which ensures that:</p> <ul style="list-style-type: none"> a) The material used for the production of FSC-certified material is traceable and not mixed with any other material prior to the point of transfer of legal ownership; b) The outsourcer keeps records of FSC-certified material covered under the outsourcing agreement; c) The FME issues the final invoice for the processed or produced FSC-certified material following outsourcing; d) The outsourcer only uses FSC trademarks on products covered by the scope of the outsourcing agreement and not for promotional use. 		
<p>5. Training and/or Communication Strategies</p>		
<p>5.1 All relevant FME staff and outsourcers shall be trained in the FME's COC control system commensurate with the scale and intensity of operations and shall demonstrate competence in implementing the FME's COC control system.</p>		
<p>5.2 The FME shall maintain 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).</p>		