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**Bureau Veritas Certification
North America, Inc.
SFI Forest Management Audit Report**
16800 Greenspoint Park Dr., Suite 300 S
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	Port Blakely Tree Farms
Contact Person	Eric Cohen
Address	8133 River Drive SE Tumwater, WA 98501
Phone / Fax	360-596-9425/ 360-570-0311
PQC Code	E01E
Contract Number	US 3272975

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:		Scope extension audit:	
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Audit Summary
<p align="center">Introduction</p> <p>This report summarizes the results of the renewal audit on Port Blakely Tree Farms SFI program for forest management operations in Washington and Oregon. Richard Boitnott, Bureau Veritas Certification Lead Auditor, conducted the audit April 27th through the 29th, 2021. Mr. Boitnott is an SAF certified forester, a Texas accredited forester, and has wildlife management expertise. He worked for forest industry for 22 years in a variety of forestry and wildlife management positions.</p> <p align="center">Audit Scope, Objectives and Process</p> <p>The scope of the audit is “Forest Management operations in Washington and Oregon on approximately 149,000 acres”. The acreage should be removed from the scope, as it is ever changing. The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. Objectives 1-12, 14 and 15 were covered during the audit. There was no substitution or modification of indicators. Specifically, two objectives of the SFI audit were to verify that the Program Participant’s SFI Program is in conformance with the SFI Objectives, Performance Measures, and Indicators, and any additional indicators that the Program Participant chooses, and verify whether the Program Participant has effectively implemented its SFI Standard program requirements on the ground. Standard Bureau Veritas Certification protocols and forms were applied throughout the audit as provided by the most recent version of the Bureau Veritas Certification SFI Auditor Handbook available on the auditor access website.</p> <p align="center">Audit Plan</p> <p>The renewal audit was conducted over a total of three days; one day of document review on April 27th, followed by two days of field audit the 28th and 29th. A closing meeting was held at the end of the day on the 29th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.</p> <p align="center">Company Information</p> <p>Port Blakely (PB) is a family-held, multi-generational forestland owner in the states of Washington and Oregon, in operation since 1864. They have been certified to the SFI Forest Management Standard since 2002. They manage three tree farms from their central office in Tumwater, Washington: Central Washington, Southwest Washington and Northwest Oregon. Their forests are</p>

located on the west side of the Cascade Range with the predominant species being Douglas-fir, Western hemlock and Western red cedar. Regeneration is accomplished through clearcutting, followed by chemical site preparation and planting, typically of Douglas-fire although Noble fir and Western red cedar are also planted. PB has a multiple species Habitat Conservation Plan and a Safe Harbor Agreement, both with the United States Fish and Wildlife Service and a Stewardship Agreement with the State of Oregon for their Northwest Oregon properties. Forest practices acts (FPAs) are in place in both states where the company operates. These FPAs prescribe many activities that support the company's SFI program. Riparian protection is heavily regulated and monitored by state agencies. Wildlife management practices are also regulated, with the amount of standing retention and downed woody debris also controlled by the Oregon and Washington FPAs. This audit was focused on the southwest Washington and central Washington tree farms.

Multi-Site Requirements

N/A

Audit Results

The document review was conducted to determine if Port Blakely continues to operate a management system that meets the requirements of the SFI 2015-2019 Forest Management Standard. The field audit consisted of a review of 11 harvest sites, eight of which had also been chemically site prepared and planted, demonstrating the company's commitment to rapid regeneration. One harvest site was active at the time of the audit. The contractor was interviewed to determine petroleum spill response, fire response, training, and soil and RMZ protection.

Objective 1-Forest Management Planning:

Forest inventory is at the stand level. Inventory is housed in Cengea. Stands are monitored for regeneration success, then inventoried at age 12 and 20, and then re-inventoried every 5-7 years after age 30. Plots on 12-year-old stands are a combination of on-site and satellite imagery. Woodstock is used for harvest scheduling. The objective is to have a non-declining yield. Oregonon is used as the growth and yield. Cut-out analysis from 2008 until 2019 shows harvest levels within 4% of projected indicating the growth and yield is fairly accurate in predicting future inventory levels. The long-term plan shows very little decline in inventory over the next 100 years, indicating the long-term model is sustainable. A GIS is in place containing all the layers needed to manage the forest, including soils, hydrology, unstable slopes, and T&E and FECVs. Lands are classified according to species composition, riparian areas, unstable slopes, non-forest area, and special sites. The company has enrolled about 10,000 acres in a carbon off-set program. The company also has a habitat conservation plan and a safe harbor agreement in Washington, and a stewardship agreement in Oregon. No forest conversions have taken place the past year. This is not something done by PB. The company is also aware of the requirement to notify receiving mills that wood coming from conversions to non-forest uses is not to be counted as SFI certified, although this never happens.

Objective 2-Forest Health and Productivity:

All regeneration is conducted artificially. All harvested stands are planted well within two years, as evidenced by the fact that eight of the 11 harvest sites reviewed during the audit were already site prepared and planted. Regeneration sites are surveyed for survival during the fall of the year it was planted. Stands are required to have a 70% survival rate or they are re-planted or inter-planted. No exotic tree species are planted.

PB's policy is to use the minimum amount of chemical necessary to control the vegetation present on each site. All prescriptions are site specific. Herbicide applications were very well done. Hand spraying was done in proximity to houses or other high-risk areas. No drift into off-target areas was

observed. All applications are conducted by licensed applicators, and personnel responsible for making herbicide prescriptions also carry a pesticide applicators license. All chemicals applied are registered and labeled for use in the states of Oregon and Washington. No WHO type 1A or 1B pesticides are used, nor any banned by the Stockholm Convention.

PB conducts integrated pest management by planting alternative species in places with laminated root rot, a root-transmitted fungal pest that effects Douglas fir. Observed one 39-acre Western red cedar planting due to the presence of root rot.

Soil productivity was well protected on all harvest sites reviewed during the audit. Soils are mapped, including the presence of deep-seated landslides. Erosion control methods were in place, mostly through the use of water bars.

Objective 3-Protection and Maintenance of Water Resources:

All harvest sites reviewed during the audit met or exceeded the Washington FPA riparian buffer requirements. Sites in the southwest Washington tree farm were all ground skidded, while those in the central Washington tree farm were a combination of ground and cable skidded. No damage to riparian areas was observed. Sites are monitored at least weekly to ensure compliance. The company has an environmental review process whereby every proposed harvest is reviewed by a wildlife biologist. This review includes an examination of stream characteristics, including fish presence. Contracts contain requirements to meet state FPAs.

Objective 4-Conservation of Biological Diversity:

The primary T&E species the company encounters are the northern spotted owl, marbled murrelet, and anadromous fish species. No spotted owls or marbled murrelets are known to occur on PB property, but they are located on adjacent public land. The company has addressed the potential occurrence of these species with a multi-species habitat conservation plan (HCP) in place on the Brooklyn tree farm in Washington, focused on the northern spotted owl. It requires the company to maintain some young forest foraging habitat. They are in the process of implementing an HCP in Oregon that is similar to Washington. The company also has implemented a stewardship agreement in Oregon, under which it is retaining four trees per acre instead of the two required by the Oregon FPA. A safe harbor agreement is also in place on 45,000 acres in Washington.

As with water quality and fish presence, all potential harvest units are reviewed by a wildlife biologist prior to harvesting for any potential T&E species and FECVs. The permitting process in Washington and notification process in Oregon includes a review of species of concern by state agencies that goes well beyond G1/G2. The harvest can proceed once habitat requirements for any identified species are addressed by the company.

The company does not have true old-growth stands on its property. However, the retention of riparian zones and set-aside areas will produce old-growth characteristics in the future. All foresters interviewed during the audit were well aware of the potential invasive species that could occur on company property. The most prevalent is probably scotch broom, but there are a number of other species.

The company has wildlife biologists on staff who are quite involved in both gathering biodiversity-related research information and conducting studies on their own. PB has done an excellent job of using and conducting research to improve its operations, not just arrive at a predetermined conclusion. It is implementing a pre-commercial thinning (PCT) project to establish gaps in PCT units to create pockets of early successional habitat. The company has implemented some

information from a retained structures study by NCASI by retaining upland patches, going beyond FPA requirements for standing retention.

Objective 5-Management of Visual Quality and Recreational Benefits:

The Oregon FPA dictates aesthetic consideration for harvest units adjacent to a scenic byway or highway. There is no such regulation in Washington. The company has a process to evaluate the visual quality of a sale. However, PB does not have land in proximity to scenic highways, although it will take measures to address aesthetics even outside of scenic highways. The average clear-cut size for 2020 was 57.4 acres. The process for calculating clear-cut size is defined. The company simply divides the total acreage clear-cut in a year by the number of units, regardless of the presence of a buffer or riparian area wide enough to separate the unit according to FPA requirements. This is a very conservative method of calculating average clear-cut size. PB utilizes the legal requirements of both state's FPAs as the method for determining green-up. All harvest units reviewed during the audit were in compliance with the Washington FPA green-up requirement. Recreational access is allowed, although most roads are gated and access is limited to walk-in only.

Objective 6-Protection of Special Sites:

There are not a lot of special sites other than ecological on PB property. A few cultural sites are known to occur, but these are not mapped at the request of the local tribes. Some other cultural sites, like old homesteads, are mapped.

Objective 7-Efficient Use of Fiber Resources:

Utilization was acceptable on all harvest units observed during the audit. Each state's FPA specifies the number of standing retention trees and downed woody debris that must be retained on each harvest site. These requirements were more than met on each harvest site reviewed during the audit.

Objective 8: Recognize and Respect Indigenous People's Rights:

PB has a written policy to respect the rights of indigenous peoples. Local tribes can provide input through the permitting process in Washington and notification process in Oregon. This input is generally focused on stream mapping or other water projects. The company has provided tribes with written permission to hunt on company land in Washington. PB also met with local tribes when it developed its stewardship agreement in Oregon. PB has developed excellent relationships with local indigenous tribes to work together on common goals and identify and protect cultural resources.

Objective 9-Legal and Regulatory Compliance:

Relevant regulations in the form of each states FPAs are available on the company's Sharepoint site. The permitting process in Washington and notification process in Oregon is in place to ensure regulatory compliance. An environmental review process is also in place to ensure compliance. Employee and contractor training, pre-harvest planning and inspection processes are also in place to help ensure compliance. There have been no adverse regulatory actions taken against PB operations in the past. The company has a written policy to company with social laws. PB does a lot to address diversity and the well-being of its employees.

Objective 10-Forestry Research, Science and Technology:

PB is a member of NCASI. The company is also directly involved in research as well as being a member of a number of coops. PB is doing an excellent job of conducting research and using the

results to improve its operations, not just arrive at a predetermined conclusion to justify its actions. In addition to the number of projects mentioned in Objective 4, the company is conducting a seedling resiliency and herbicide effectiveness studies. PB is a relatively small company, so its research efforts go far beyond its size. Its efforts warranted the issuance of a notable practice.

The company does not conduct research on genetically engineered trees. PB's participation in the Washington and Oregon SICs includes access to biodiversity conservation information distributed by the SICs. In addition, the company cooperates with bio-annual compliance monitoring conducted by the state agencies.

PB is aware of the potential impacts of climate change forest productivity and wildlife habitat. The company is using this information as well as research conducted by various coops to incorporate the information into its management decisions. It has also enrolled a portion of its property into a carbon off-set project.

Objective 11-Training and Education:

The president of U.S operations sends out an annual letter to all employees documenting the company's commitment to the SFI standard. Training records verified more than ample training takes place each year for all forestry employees. Contractors are required to have at least one person on each job who has been trained according to the requirements of each SIC. The logging contract also contains this requirement.

Objective 12-Community Involvement and Landowner Outreach:

PB financially supports the SICs in both states. The company is quite engaged in the development of HCPs, safe harbor agreements, and conservation agreements that contain conservation objectives while providing for a working forest.

Port Blakely has an environmental education program that is way beyond the size of the company. Three employees are dedicated to providing public outreach, particularly to school children. The company has provided education to approximately 99,000 students, teachers and their parents, since its inception 30 years ago. These employees are also heavily involved in other outreach efforts, such as local watershed councils. All of this out of a relatively small company. Their public outreach efforts have been recognized in the past but deserve mention again as their efforts far exceed their size.

Objective 13: Public Land Management Responsibilities: N/A-PB does not have public land management responsibilities.

Objective 14-Communications and Public Reporting:

The 2020 surveillance audit report was posted to the SFI website. All records necessary for reporting to SFI are maintained electronically and were reviewed as part of this audit. The 2020 SFI annual progress report was submitted to SFI, Inc prior to the March 31 deadline.

Objective 15-Management Review:

PB has a defined management review process which outlines the information to be presented to management to determine the company's performance relative to the SFI Standard. The company is relatively small, so there is much interaction within management on a daily basis, including items covering SFI. However, these interactions are not well documented. An opportunity for

improvement was issued to encourage the company to improve its management review record keeping.

Findings

Previous non-conformances:

No nonconformities were identified during the previous audit.

Non-conformances:

No nonconformities were identified.

Opportunities for Improvement:

One opportunity for improvement was issued. This should be considered in light of how it may affect conformance in the future.

1. PM 15.1, Ind. 3: The company is relatively small, with management all located in one office. There is day-to-day interaction on all of the company's operations, including SFI responsibilities. However, it was difficult finding evidence of these interactions. The company could improve its documentation of management review meetings specific to SFI.

Notable Practices:

Two notable practices were identified:

1. PM 10.1, Ind 1: PB has done an excellent job of using and conducting research to improve its operations, not just arrive at a predetermined conclusion to justify its actions. It is implementing a PCT project to establish gaps in PCT units to create pockets of early successional habitat. The company has implemented some information from a retained structures study by NCASI by retaining upland patches. It has conducted research on seedling resiliency and the impacts of herbicide use. All of this out of a relatively very small company.
2. PM 12.2, Ind. 1: Port Blakely has an environmental education program that is way beyond the size of the company. Three employees are dedicated to providing public outreach, particularly to school children. The company has provided education to approximately 99,000 students, teachers and their parents, since its inception 30 years ago. These employees are also heavily involved in other outreach efforts, such as local watershed councils. All of this out of a relatively small company. Their efforts far exceed their size.

Logo/label use:

PB uses the SFI logo on its website with approval. PB also uses the BV logo on their website with approval.

SFI reporting:

The 2020 surveillance audit report was found on the SFI website as required for public review.

Review of Previous Audit Cycle

The company has a strong history of conformance, having received no non-conformances over the past audit cycle.

Conclusions

Since no non-conformances were issued during this renewal audit, PB is recommended for renewed certification to the SFI 2015-2019 Forest Management Standard effective immediately.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		April 27-29, 2021								
Number of SF02's Raised:				Major:		0		Minor:		0
Is a follow up visit required:			Yes		No	X	Date(s) of follow up visit:			
Follow-up visit remarks:										
Team Leader Recommendation:										
Corrective Action Plan(s) Accepted		Yes		No		N/A	X	Date:		
Proceed to/Continue Certification		Yes	X	No		N/A		Date:		4/29/2021
All NCR's Closed		Yes		No		N/A	X	Date:		
Standard audit conducted against:										
1)	SFI 2015-2019 FM Edition			3)						
2)				4)						
Team Leader (1):		Team Members (2,3,4...)								
Richard Boitnott; CF, TX AF		2)								
		3)								
		4)								
		5)								
Scope of Supply: (scope statement must be verified and appear in the space below)										
Forest Management operations in Washington and Oregon on approximately 149,000 acres										
Accreditations		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	May 10-12, 2022									
Audit Report Distribution										
PB: Eric Cohen-ecohen@portblakely.com										
BV: Lorisa Love-lorisa.love@us.bureauveritas.com										

Clause	Audit Report
Opening Meeting	<p>Participants: Jerry Bailey, Michelle Buenzli, Zach Carras, Eric Cohen, Joyce Conkling, Jeff Geer, Bonny Glendenning, Leif Hansen, Chris Lunde, Lauren Magalska, Josh Meek, Orv Mowry, Dennis Muller, Ryan Parker, Devon Powell, Claudine Reynolds, Dave Roberts, Mike Warjone, Jessica Weigel, Chris Whitson, Gareth Waugh</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: Eric Cohen, Dave Roberts, Jeff Geer, Dennis Muller, Orv Mowry, Devon Powell, Chris Lunde, Sara Rise, Joyce Conkling, Mike Warjone, Kelly Stanley, Bonnie Glendenning, Gareth Waugh, Jessica Weigel, Chris Lacy, Claudine Reynolds, Michelle Buenzli, Lauren Magalska, Stacey Krum, Leif Hansen, Jerry Bailey, Chris Whitson</p> <p>Discussions:</p> <ul style="list-style-type: none"> ➤ Introductions and appreciation for selecting Bureau Veritas Certification. ➤ Review of audit process - process approach and sampling. ➤ Review of OFIs and System Strengths ➤ Nonconformances - 0 ➤ Date for next audit. ➤ Reporting protocol and timing