



**BUREAU
VERITAS**

**Bureau Veritas Certification
North America, Inc.
SFI Forest Management Audit Report**
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|-----------------|---|
| Company Name | Port Blakely Tree Farms (Limited Partnership) and Island Timber Company Limited Partnership |
| Contact Person | Eric Cohen, Forest Database Manager |
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| PQC Code | E01E |
| Contract Number | US.2159001 |

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| Certification Audit: | | Re-Certification Audit: | | Surveillance Audit: | #4 | Scope extension audit: | |
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Audit Summary

Introduction

This report summarizes the results of Port Blakely’s 48-month Surveillance audit. Document review was conducted remotely by video-conference and email and the field audit was conducted at their Northwest Oregon properties in Molalla, Oregon. Julie Stangell, Bureau Veritas Certification Lead Auditor conducted the audit on May 11 (remote) and August 27-28 (field), 2020. Ms. Stangell is a professional forester with more than 30 years of forestry experience and is an EMS/RABQSA certified lead auditor.

Audit Scope, Objectives and Process

The scope of the audit was Port Blakely’s US Forestry division forest management operations in Washington and Oregon on approximately 149,000 acres. The audit goal was to verify conformance to the SFI 2015-2019 Standard with Objectives 1-15 per the audit results below, excluding Objective 13. The objective of the SFI audit was to 1) verify that the Program Participant’s SFI Program is in conformance with the SFI objectives, performance measures, and indicators and to 2) verify whether the Program Participant has effectively implemented its SFI Standard program requirements. Standard Bureau Veritas protocols and forms were applied throughout the audit as provided by the current version of the Bureau Veritas Certification Auditor Handbook and supplemental SFI Handbook. Field notes and an SFI indicator checklist were completed and contain specific information and audit notes.

Audit Plan

The surveillance audit was conducted over a total of two and a half days on the dates noted above. A detailed daily audit plan is on file with Bureau Veritas Certification.

Company Information

Port Blakely (PB) is a family-held, multi-generational forestland owner in the states of Washington and Oregon, in operation since 1864. PB also manages lands in New Zealand that are certified to the FSC standard. They have been certified to the SFI Forest Management Standard since 2002. PB is in the business of growing trees, harvesting and selling logs, reforestation, managing reforestation to a

“free-to-grow” status, and maintaining and protecting the forest’s health, while protecting and enhancing fish and wildlife habitat, soils, air and water quality. They manage three tree farms from their central office in Tumwater, Washington: Central Washington, Southwest Washington and Northwest Oregon with an Oregon field office in Molalla, OR. Their forests are located on the west side of the Cascade Range with the predominant species Douglas-fir, Western hemlock and Western red cedar. 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. PB also has a very engaged and mature outreach and education program that targets local school districts in both Washington and Oregon. PB is considered a single site organization.

Audit Results

The audit consisted of document and record review, interviews of key employees and field site visits in the Northwest Oregon region representing a broad spectrum of activities. Eleven field sites were visited with two units being actively harvested, one active road construction project and several completed units visited. Silviculture activities reviewed were completed site prep and release spray, planting and control of invasive species. The Stewardship Agreement with the State of Oregon was discussed and results observed on several field sites that were visited. The HCP with the federal government and management of carbon were discussed. Objectives 1.1, 4, 5, 6, 7,9, 10, 14 and 15 were office and field audited and objectives 2 and 3 were field audited.

Objective 1 -- Forest Management Planning: PB continues to use Assisi as the cruise/inventory complier, which can generate stand tables for growth modeling in Organon and Woodstock to model the forest estate and determine annual cut levels with depletion updated twice per year. The GIS system is complete and mature and includes fish & wildlife, water resources, soil, land classification, stand attributes, roads and numerous other attributes. Past records and future harvest trend graphs clearly demonstrate sustainable harvest levels will be maintained. Increased productivity through enhanced silvicultural treatments such as fertilization are used to increase the annual allowable cut with actual gains measured through inventory. PB is striving to maintain an even flow, long-term non-declining harvest regime.

Objective 2 -- Forest Health and Productivity: All units observed on field visits were planted within 12 months of harvesting. Each unit is formally surveyed at the time of planting and for survival within one year. Follow-up surveys are conducted annually for the next 4 growing seasons for a total of 5 years. No exotic species were observed on any sites visited in the field. PB’s policy is to use the minimum amount of chemical necessary to accomplish control objectives with an increasing number of acres treated by hand application. Herbaceous control work is conducted by contractors under the supervision of PB foresters; contractors have pesticide applicator licenses that were verified. All chemicals applied are registered and labeled for use in the states of Oregon and Washington. Contractor and PB spray records and reports provide evidence that application was done in compliance with label and legal requirements. No overspray was observed. No chemicals banned by the World Health Organization or Stockholm Convention on Persistent Organic Pollutants were used.

PB is continually seeking to implement integrated pest management strategies. Examples include planting alternate species (red alder, cedar and white pine) in root rot problem areas or hand slashing in lieu of chemical application in select areas. Bear damage is being addressed by investing in research to understand the problem and research the options for reducing damage to trees. Multiple erosion control methods were observed including timing of operations such as wet-weather restrictions, properly locating roads and trails, rocking roads and cross-drainage and removing or decommissioning roads where needed and appropriate. PB strives to reuse existing roads, trails and landings in stable locations outside of RMAs. New road construction is typically planned and completed one to two years in advance with adequate surface rock applied making most roads

appropriate for all-weather haul. Non-system roads and those located near streams are often decommissioned immediately following harvest and poorly located legacy roads removed where feasible. Contractors are well versed in erosion control measures and no evidence of accelerated erosion was observed.

Objective 3 -- Protection and Maintenance of Water Resources: PB follows and generally exceeds mandatory requirements of the Oregon Forest Practices Act, generally adhering to the more stringent Washington Forest Practices Act requirements. Legal requirements have been incorporated into the company BMP and operational guides and contracts. Contractors interviewed had excellent BMP knowledge. Sites are monitored at least weekly to ensure compliance. The wildlife staff field verifies locations of all non-forested wetlands, regardless of size and the foresters either meet the rule requirements or protect beyond what is required. Protection is done by identification in the map layer, flagging on the ground, and pre and post-harvest assessments. Wildlife biologists utilizing standardized protocol type streams prior to operations.

Objective 4 -- Conservation of Biological Diversity: PB has two long-term landscape-level agreements in place with the US Fish & Wildlife Service, a Habitat Conservation Plan (HCP) and a Safe Harbor Agreement (SHA). In addition, a Stewardship Agreement was signed in February 2020 that is a collaborative effort providing regulatory certainty with the State of Oregon. Prior to unit layout, every unit is assessed for T&E and sensitive species, snags, down wood, residual trees, cultural features, and aquatic features by internal and external database searches and site visits. Noxious weed control is an integral component of the land management program. Harvest unit review includes the assessment of invasive species.

Objective 5 -- PB has a visual policy in place in the form of a flow chart that is based on legal requirements for Oregon and Washington. The average clearcut size is consistently less than 60 acres with the process for calculating clearcut size clearly defined. PB utilizes the legal requirements of the Washington Forest Practices Act as the method for determining green-up. Recreational access is encouraged with walk-in access welcomed. Excellent description of rules and open/ closed areas appears on the website, US Forestry/public access page.

Objective 6 -- Protection of Special Sites: Units are mapped 5 years ahead of harvest by walking ground looking for sensitive, unique areas such as caves, nests, ecologically sensitive areas, water features, identify end of fish, culvert passage barriers and type to forest practices rules. Biologists walk all streams and GIS data points. Field data is reviewed in the office against Natural Heritage Oregon, Washington, Marbled Murrelet 50-mile zone, Roosevelt elk area, Northern Spotted Owl, etc. At least 1 field visit, generally 2-5 visits are made to each unit prior to harvest. Unique areas are put into GIS layers, a 1-page summary of wildlife comments goes into CENGEA as a reference for foresters as they lay out the unit.

Objective 7 -- Efficient Use of Fiber Resources: Multiple sorts may be produced on each job with utilization inspected on each job at regular intervals. Landing piles may be burned if necessary to stabilize pile, however operations are moving toward scattering residual debris as wildlife habitat, nutrient cycling and to minimize the need to burn piles. Biodens were created in multiple units visited.

Objective 8 -- Recognize and Respect Indigenous People's Rights: Port Blakely has worked to enhance stakeholder engagement including several voluntary collaborative projects with local tribes. The objectives of the projects were to improve mutual understanding, communication and cooperation around protection of cultural resources and practices, as well as to identify opportunities to work together on common goals. They have reached out to tribal neighbors to build relationships in order to identify culturally sensitive areas to ensure they are appropriately preserved over and

above what is legally required. This was identified as a Notable Practice.

Objective 9 -- Legal and Regulatory Compliance: WA Forest Practices and OR Forest Practices are available in hard copy and on line. All contracts require the contracted company to follow all laws. No regulatory actions have been taken against the company.

Objective 10 -- Forestry Research, Science and Technology: Port Blakely has a dedicated research forester and continues to be a leader in forest research. PB is involved in numerous coops that they support financially, through expertise and by providing land for research plots and data for projects. They are involved in collaborative work with the USFS on projects such as the seed source movement trial and scotch broom study. They also work with WDFW on a fish distribution study and with DNR on Western red cedar establishment working with trees with high monoturpines. They are working with NCASI on a study retaining forest structure, identifying how structure impacts wildlife. Priorities for research are identified in an internal document to facilitate incorporation of research into the business.

Objective 11 -- Training and Education: Each logging contract designates “an on-site representative who will be in charge of the logging operations and available at the logging site at all times during the logging Operations.” PB requires these designated individuals be trained to the Washington Contract Logger Association or Associated Oregon Logger programs that are the SFI recognized training standards for contractors in the two states where they own property. All employees interviewed had knowledge appropriate to their roles and responsibilities. The company encourages their resource professionals to enhance their skills through training.

Objective 12 -- Community Involvement and Landowner Outreach: PB has an outstanding education outreach program with two people employed to assist in this effort, one in Oregon and one in Washington. In previous years, Educators go into classroom for 1 hour to do stations then takes classes to the forest to a set tour route for hands-on activities. With the advent of COVID-19, PB has taken their education program on-line with units available for teachers and the general public. In addition to their education program, PB management and staff serve in leadership positions with numerous boards, committees and associations. They have entered the voluntary carbon market with the Winston Creek Forest Carbon Project. Port Blakely’s project provides additional carbon sequestration and several co-benefits resulting from an extended harvest rotation and other voluntary management practices associated with their federal Safe Harbor Agreement. This was identified as a notable practice at the 2019 audit.

Objective 13 -- Public Land Management Responsibilities: Not applicable

Objective 14 -- Communications and Public Reporting: The 2019 PB 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 in a timely manner to SFI, Inc.

Objective 15 -- Management Review: PB uses a multi-tiered management review process. SFI is on the agenda of each monthly management meeting as necessary and there are SFI program reviews during departmental and management meetings that occur several times during the year. Management systems are in place to share information at both an operational and policy level among staff to provide up and down feedback. The results of the third-party audit are reviewed with the Board of Directors on an annual basis.

Findings

Previous non-conformances:

No nonconformities were identified during the previous audit.

Non-conformances:

No nonconformities were identified.

Opportunities for Improvement:

No opportunities for improvement were identified.

Notable Practices:

Two notable practices were identified:

- Objective 4, PM1: Port Blakely, in collaboration with the State of Oregon, signed a Stewardship Agreement in early 2020 in an effort to ensure regulatory certainty for may forest activities and demonstrate the company's commitment to stewardship. The agreement is a 50-year commitment that greatly exceeds many of the current environmental protections required by the Oregon Forest Practices Act. Port Blakely's Stewardship Agreement is the largest in the State of Oregon.
- Indicator 12, PM2.1: Port Blakely has two forest learning classrooms, each with a paid educator on staff. Due to COVID-19, educational materials were made virtual with on-line modules developed for classroom learning and for general public forest education.

Logo/label use:

The correct use of the SFI logo on the PB website (portblakely.com/port-blakely/stewardship) was verified including use of registration marks and a link to the SFI website. SFI approval for logo use was also confirmed. PB uses the BV logo on their website with approval for use renewed March 20, 2019.

SFI reporting:

Verification of the SFI website was completed to ensure that the audit report from the previous audit cycle (2019) had been submitted to SFI, Inc. and posted to their website.

Conclusions

A closing meeting was held on August 28, 2020 at the Port Blakely office in Molalla, Oregon. The results of the audit were summarized, and findings presented. In the opinion of the auditor and based on the evidence presented, results of this 48-month surveillance audit conclude that Port Blakely has successfully met the requirements of the SFI 2015-2019 Standard, therefore continued certification is recommended.

SEE SF61 FOR AUDIT NOTES

| Summary of Audit Findings: | | | | | | | | | | |
|--|----------------------------|----------------------------------|-------------------------|-------------------------------------|----|-------------------------------------|-----------------------------|-------------------------------------|-------|--------------|
| Audit Date(s): | | May 11, 2020; August 27-28, 2020 | | | | | | | | |
| Number of SF02's Raised: | | | | Major: | | 0 | | Minor: | | 0 |
| Is a follow up visit required: | | | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | Date(s) of follow up visit: | | | |
| Follow-up visit remarks: | | | | | | | | | | |
| | | | | | | | | | | |
| Team Leader Recommendation: | | | | | | | | | | |
| Corrective Action Plan(s) Accepted | | | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> | Date: | |
| Proceed to/Continue Certification | | | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | N/A | <input type="checkbox"/> | Date: | Aug 28, 2020 |
| All NCR's Closed | | | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | N/A | <input checked="" type="checkbox"/> | Date: | |
| Standard audit conducted against: | | | | | | | | | | |
| 1) | SFI 2014-2019 Section 2 FM | | | 3) | | | | | | |
| 2) | | | | 4) | | | | | | |
| Team Leader (1): | | | Team Members (2,3,4...) | | | | | | | |
| Julie Stangell | | | 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 140,000 acres | | | | | | | | | | |
| Accreditations | | | ANAB | | | | | | | |
| Number of Certificates | | | 1 | | | | | | | |
| Proposed Date for Next Audit Event | | | | | | | | | | |
| Date | | March 2021 | | | | | | | | |
| Audit Report Distribution | | | | | | | | | | |
| PB: Eric Cohen ; ecohen@portblakely.com | | | | | | | | | | |
| BV: Lorisa Love; lorisa.love@us.bureauveritas.com | | | | | | | | | | |

| Clause | Audit Report |
|-----------------|---|
| Opening Meeting | <p>Participants: Eric Cohen, Forest Database Manager/ Certification Manager Teresa Loo, Director Environmental Affairs & Communication Chris Lunde, Harvest Manager Lauren Magalska, Research Forester Dennis Muller, Special Forest Products Ryan Parker, Inventory Forester Jerry Bailey, Area Manager Tracy Peterson Devon Powell, Area Forester Claudine Reynolds, Manager Wildlife & Fisheries Court Stanley, President Jessica Weigel, Ops/ Accounting Cathrin Weis Chris Whitson, Silviculture Manager Josh Meek Sara Rise, GIS Forester Gareth Waugh Jason Johnson, Inventory Forester Leif Hansen, Wildlife Biologist Denny Wallman, NW OR Area Forester Jeremy Zook, Area Forester Michelle Buenzli, Communication Manager Chris Lacy, GIS Manager Mike Warjone, Ops VP</p> <p>Discussions: > 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</p> |
| Closing Meeting | <p>Participants: Eric Cohen - Forest Database Manager Denny Wallman, NW OR Area Forester Jeremy Zook, NW OR Area Forester Lance Christensen, NW Oregon Area Manager</p> <p>Discussions: > 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</p> |