



**Bureau Veritas Certification
North America, Inc.
SFI Forest Management Audit Report**

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PQC Code	E01E
Contract Number	US.2159001

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	2	Scope extension audit:	
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Audit Summary

Introduction

This report summarizes the results of Port Blakely’s 24-month Surveillance audit conducted at their headquarters office in Tumwater, Washington and their Northwest Oregon tree farm. Julie Stangell, Bureau Veritas Certification Lead Auditor conducted the audit from March 13-15, 2018. Ms. Stangell is a professional forester with more than 30 years of field 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 audited per the audit results below. 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 from March 13-15, 2018. 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. Each of the tree farms is 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. 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 representing a broad spectrum of activities. Seventeen field sites were visited with four units being actively harvested and several completed units visited. New road construction, road reconstruction, road deactivation and abandonment and fish passage upgrades were viewed. Silviculture activities reviewed were completed site prep spray, planting and control of browse from ungulates as well as control of invasive species. In addition, a learning center where classrooms of children experience a riparian zone, upland area and wildlife habitat from a wooded trail were visited.

Objective 1 -- Forest Management Planning: Performance Measure 1.1 was audited this audit cycle. PB continues to use Assisi as the cruise/inventory complier, which can generate stand tables for growth modeling in Organon; and finally 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: Objective 2 was audited in the field this audit cycle. 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 more than one third of the acres treated applied by hand application. Herbaceous control work is conducted by contractors under the supervision of PB foresters; both employees and 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: Objective 3 was audited in the field this audit cycle. PB follows and exceeds mandatory requirements of the Washington Forest Practices Act. 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. No evidence observed of any BMP infraction or any sediment delivery to streams even though the weather had been extremely wet. 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 also type streams.

Objective 4 -- Conservation of Biological Diversity: Objective 4 was audited in the field this audit cycle. 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). 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. PB has a signed Candidate Conservation Agreement with Assurance (CCAA) for the fisher in Washington.

Objective 5 -- Management of Visual Quality and Recreational Benefits: 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 clear-cut size is consistently less than 60 acres with the process for calculating clear-cut 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, however operations are moving toward scattering residual debris as wildlife habitat, nutrient cycling and to minimize the need to burn piles.

Objective 8 -- Recognize and Respect Indigenous People's Rights: This objective was not audited this surveillance audit.

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. The Employee Handbook contains all policies related to health and safety, antidiscrimination, anti harassment. No regulatory actions have been taken against the company.

Objective 10 -- Forestry Research, Science and Technology: Port Blakely hired a dedicated research forester in the last year 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. PB also has an internal team working on integration of technology that has worked on projects such as drone photography and who are working to identify how to drive the questions to be asked and researched by the larger community, even though they are a small company.

Objective 11 -- Training and Education: This objective was audited in the field this audit cycle. 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 and Associated Oregon Logger programs that are the SFI recognized training standards for contractors in the two states where they own property.

Objective 12 -- Community Involvement and Landowner Outreach: This objective was audited in the field this audit cycle. PB has an outstanding education outreach program with two people employed to assist in this effort, one in Oregon and one in Washington. 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. There is an increasing trend in the number of students who visit their forest education centers with more students every year than the year before. Extensive work was done at the education facilities in the last year to address logistical and safety issues related to having students in a wooded setting.

Objective 13 -- Public Land Management Responsibilities: Not applicable

Objective 14 -- Communications and Public Reporting: The 2017 PB Audit Report was not posted to the SFI website however posting had been requested. The report was posted by the end of the audit week. An opportunity for improvement was identified that the company may wish to develop a process to follow-up with SFI to ensure the report is posted. All records necessary for reporting to SFI are maintained electronically and were reviewed as part of this audit. The 2017 SFI Annual Progress Report is in draft form and is being prepared for submission to SFI, Inc. prior to the March 31, 2018 deadline.

Objective 15 -- Management Review: PB uses a multi-tiered management review process. SFI is on the agenda of each monthly management meetings 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:

One opportunity for improvement was identified per PM 14.1, Indicator 1:

- The 2017 audit report was not posted on the SFI website however an email requesting the report be posted had been sent in June 2017 therefore this was noted as an OFI rather than a nonconformity. The company may wish to put a process in place as follow-up with SFI to ensure reports are posted in a timely manner.

Notable Practices:

During the course of the audit a single notable practice was identified reflecting the organization's value of continuous improvement per Objective 15, Indicator 3.

- The Port Blakely Stewardship² program (Stewardship Squared or S²) encourages creativity and innovation empowering employees to use a holistic approach to problem solving that may go over and above regulatory requirements. The S² program recognizes environmental, social, economic and employee benefits. The program, by definition, encourages continuous improvement of sustainable forest practices. Employees are engaged and enthusiastic about implementing the program. Field observations of several S² projects were made:
 - Removal of stream-adjacent road with re-route of traffic on newly constructed and well-placed road.
 - Voluntary installation of a bridge to replace a legal culvert in order to further demonstrate Port Blakely's stewardship ethic.
 - Extensive fencing of units to exclude ungulates for establishment of cedar in root rot pockets.
 - Integration of technology including field use of tablets for checklists and a drone for identifying location of water and other applications.
 - Safety/ stewardship videos for logger training for use at tailgate meetings.
 - Installation of research plots to test forest management questions, provide demonstrations of different forest practices.
 - Mature education program with two dedicated educators on staff and two forest areas with shelters, trails, bus parking/ turn-around areas, safety provisions such as hard-wired telephone line and curve widening.

Logo/label use:

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

SFI reporting:

Verification of the SFI website was completed to ensure that the audit report from the previous audit cycle (2016) had been submitted to SFI, Inc. and posted to their website.

Conclusions

A closing meeting was held on March 15, 2018 at the Port Blakely office in Tumwater, Washington with other employees joining via conference call. 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 24-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):		From: March 13, 2018				To: March 15, 2018				
Number of SF02's Raised:				Major:		0		Minor:		0
Is a follow up visit required:		Yes		No	X	Date(s) of follow up visit:			N/A	
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:	Mar 15, 2018	
All NCR's Closed		Yes		No		N/A	X	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										
Accreditation's		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	April 9-11, 2019									
Audit Report Distribution										
PB: Claudine Reynolds; creynolds@portblakely.com										
BV: Liliana Ramirez; liliana.ramirez@us.bureauveritas.com										

Clause	Audit Report
Opening Meeting	<p>Participants: Claudine Reynolds (Manager Wildlife & Fisheries/ Certification Manager), Eric Cohen (Forest Database Manager), Jeff Geer (Area Forester), Kim Laymon (Senior Log Accountant), Teresa Loo (Director of Communications), Chris Lunde (Harvest Manager), Orv Mowry (Area Manager), Dennis Muller (Special Products Forester), Rob Nagel (Wildlife Biologist), Ryan Parker (Inventory Forester), Devon Powell, (Area Forester), Sara Rise (GIS Forester), Court Stanley (President), Chris Whitson (Silviculture Manager), Eric Wiese (Contracts Administrator), Jessica Weigel (Project Manager), Jerad Spogen (Field Forester), Kevin Cook (Senior Financial Strategist), Lauren Magalska (Research Forester), Wun Saeteurn (Human Resources Manager), Leslie Wait (Inventory Forester), Jason Johnson (Inventory Forester), Michelle Buenzli (Communications Manager), Jerry Bailey (Area Manager), Denny Wallman (NW OR Area Forester)</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 non-conformances - 0. ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	<p>Participants: Claudine Reynolds (Manager Wildlife & Fisheries/ Certification Manager), Eric Cohen (Forest Database Manager), Devon Powell, (Area Forester), Jeff Geer (Area Forester), Kim Laymon (Senior Log Accountant), Orv Mowry (Area Manager), Dennis Muller (Special Products Forester), Rob Nagel (Wildlife Biologist), Court Stanley (President), Chris Whitson (Silviculture Manager), Eric Wiese (Contracts Administrator), Jerad Spogen (Field Forester), Lauren Magalska (Research Forester), Michelle Buenzli (Communications Manager), Jerry Bailey (Area Manager), Valery Williams (Controller), Dave Roberts (Engineer), Craig Hansen (Wildlife Ecologist), Kristin Demers (Accounting), Jeff Morgan (Controller), Terri Rodriguez (Executive Assistant), Lance Christenson (Area Manager), Jeremy Zook (Area Forester)</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 (2) and System Strengths (2) ➤ Non-conformances - 0 ➤ Date for next audit ➤ Reporting protocol and timing