



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

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PQC Code	E01E
Contract Number	US2273762

Certification Audit:		Re-Certification Audit:	X	Surveillance Audit:	#	Scope extension audit:	
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Audit Summary

This report summarizes the results of renewal audit conducted on Campbell Global’s Northwest Region’s SFI program for forest management. Mr. Richard Boitnott, Bureau Veritas Certification Lead Auditor conducted the audit August 15 through the 19th, 2016. Mr. Boitnott is an SAF certified forester, a Texas accredited forester, an EMS lead auditor, and has wildlife management expertise.

Audit Scope, Objectives and Process

The scope of the audit is “management of forest lands”. The audit was conducted against the SFI 2015-2019 forest management standard. Objectives 1-12, 14, and 15 were covered during the audit. There was no substitution or modification of indicators. The audit was also performed to scope in the Snowqualmie office, as it is a new site recently purchased by Campbell. 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.

Audit Plan

The audit began with a 1 day review of system documentation at the Portland, Oregon central office on August 15. A field audit was conducted on the newly acquired landbase headquartered out of Snowqualmie, Washington August 16-17, The Granite Falls and Wallace Falls tree farms were audited August 18, and the Olympic tree farm was audited August 19. A closing meeting was held at the end of the day on the 19th. An audit plan was developed and is maintained on file by Bureau Veritas Certification.

Company Information

Campbell Global is a timberland investment organization, managing land for investors throughout the United States. The company is divided into a number of regions. This certification is limited to the property it manages in its northwest region, consisting of land in Oregon and Washington. Properties within the northwest region consist of a coniferous forest; primary species being Douglas

fir and Western hemlock, with Western Red Cedar, Red alder, Sitka spruce, Noble Fir, White Fir and Grand Fir also present. The company regenerates its forest using clearcutting, followed by chemical site preparation where necessary, and artificial regeneration. Douglas fir is the primary species used in the company's reforestation program, although Western hemlock, Sitka spruce, and Western red cedar are planted in coastal areas. Forest practices acts (FPAs) are in place in both states where the company operates. These FPAs proscribe many activities that support the company's SFI program. Riparian protection is heavily regulated and monitored by state agency forest practices foresters. Wildlife management practices are also regulated, with the amount of standing retention and downed woody debris also controlled by FPAs

Multi-Site Requirements

The company maintains a multi-site certification consisting of three offices and 12 tree farms. Headquarters of the management system is in Portland, Oregon. The company qualifies for multi-site sampling since the management system is controlled and directed by the central office. There is one set of overall procedures that applies to the entire system, with tree farm specific procedures in place to accommodate different forest practices acts in the two states. Individual sites are responsible for conforming to the company's SFI program, and for providing corrective actions to the SFI manager when necessary. Campbell developed a robust internal audit program, one the lead auditor considers to be reliable.

Site sampling is also done to ensure at least two offices are covered during each audit event, and all tree farms covered during the 3-year cycle. This year's audit included the Snowqualmie office, as it was recently purchased by Campbell.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Portland, OR (central office)		X	
Cathlamet, WA; John's River TF, Nasalle TF, Chinook TF, <u>Wallace Falls TF, Granite Falls TF, Mist TF</u>		X	
North Bend, OR; Fairview TF, Siletz TF			
Port Angeles, WA		X	
Snowqualmie, WA; <u>Fall City TF, Snowqualmie TF, Twin Peaks TF</u>		X	

The document review was conducted to determine if Campbell Global continues to operate its management system in accordance with the requirements of the SFI 2015-2019 forest management standard. The field audit consisted of a review of eight regeneration sites, five of which included chemical applications, eight harvesting sites, and one three bridge installations.

Objective 1-Forest Management Planning:

Campbell continues to operate a rigorous resource analysis program. The property is under a periodic inventory system, with no cruise being older than 10 years. Inventory system is at the stand level. A version of SPS is used to grow stand volume on an annual basis. A GIS is in place. A harvest schedule is developed, and reviewed every 3-5 years to ensure assumptions are still in place. The newly acquired Snoqualmie property has not yet been updated, but Campbell is using the

acquisition model to provide harvest levels. Plans are to update its harvest schedule by the end of the year. Inventory is updated annually. Non-timber review consists of identification of special places and stands adjacent to potential T&E species locations on other landowners. A land classification system is in place through a land status code in the inventory management. Biodiversity at landscape scales is accomplished through the company's landscape assessment program in Obj. 4.

Planned versus actual harvest graphs for each tree farm provided evidence the company is harvesting in accordance with its long-term management plan. While harvest levels vary somewhat from one year to the next, the long-term trend is to harvest right at the planned level. Cut-out analysis shows the growth-and-yield model overestimates growth slightly. However, Campbell adjusts harvest levels based on the cut-out analysis.

Campbell has developed a defined process for analyzing the ecological impacts of conversions, ensuring any conversions are in compliance with regulatory requirements, do not convert rare native forest types, and do not create impacts on FECVs or T&E species. Campbell does not generally convert to non-forest use. One unit was observed where Campbell was harvesting timber on ground that was going to be converted to a rock quarry. The ground is given back to Campbell after some period of years for reforestation, so it is questionable as to where this would truly be considered a conversion. However, interviews conducted with Campbell employees indicate a lack of knowledge as to the requirement to notify customers that any wood coming from a conversion source is not counted as SFI certified. An opportunity for improvement was issued to ensure the company is aware of this requirement.

Objective 2-Forest Health and Productivity:

Artificial regeneration is almost always accomplished within two growing seasons. There were 215 out of 7,294 acres planted more than 2 years after harvest in 2015. While this represents a minimal amount, the company was encourage to provide more documentation as to the reasons for regenerating more the two years of two planting seasons after harvest. All artificially regenerated stands are reviewed for acceptable stocking levels that meet Washington and Oregon Forest Practices Acts requirements. Campbell's acceptable stocking levels are much higher than FPA minimums. The company matches tree species to site conditions to reduce infestations of Swiss needle cast on Douglas fir, and white pine weevil on Sitka spruce.

Campbell continues to operate a very good herbicide application program. It has a chemical application policy that provides for best management practices to be used in its herbicide program. Sites reviewed during the audit demonstrated minimization of chemical use. The company uses a small number of chemical prescriptions depending on site conditions and management goals. The rates for each prescription are relatively light, being well below label maximums. No herbicides are used in some cases where little competing vegetation is present. No drift into off-target areas was observed on any herbicide application tract reviewed during the audit. Most sites were treated with ground application, reducing the risk of drift into off-target areas. The Olympic tree farm is applying a small amount of fertilizer directly to each seedling in an effort to eliminate chemical use. The theory is that fertilized trees jump above the competing vegetation quickly and establish themselves without the need for chemical treatment. This is a practice unique to the Olympic Peninsula that the auditor has not seen practiced elsewhere, at least for the intended purpose of eliminating herbicide use, and warranted the issuance of a notable practice.

Soil productivity was well protected, with virtually no adverse impacts to soils observed on any of the sites reviewed during the audit. The harvests units that were line skidded exhibited minimal impacts to soil. There was also very little disturbance on ground skidded jobs.

Objective 3-Protection and Maintenance of Water Resources:

Water quality protection is highly regulated in Washington and Oregon. All activities reviewed during this audit were conducted in Washington, and harvest sites and road construction projects were in compliance with the Washington FPA. Riparian management areas were very well established, meeting or exceeding FPA requirements. Road conditions on Campbell property tend to be very good, which limits the chances for sediment delivery into streams from the company's road system. Road construction projects reviewed during the audit were well done. Two bridge installations were done to provide for fish passage, and one culvert removal project is planned.

Objective 4-Conservation of Biological Diversity: Campbell has identified T&E species and FECVs that could occur on its land using information gleaned from natural heritage programs. The northern spotted owl, marbled murrelet, and anadromous fish are the primary species with which the company must be concerned. Procedures are in place to ensure harvest operations are properly timed near confirmed or suspected active owl nests or know locations of marbled murrelets. Campbell has access to state wildlife action plans, which identify the species and communities considered to be at risk in the states. Campbell considers these at-risk species and communities during its management activities. Campbell has identified species beyond G1/G2. The state agencies in WA and OR include these species in their permitting process.

Stand-level retention on all harvest sites met the Washington FPA requirement for standing and downed wood. Campbell has developed an assessment of forest cover types across its ownership. The assessment includes forest cover type and age classes for each tree farm. This information is used to ensure each tree farm is not out of balance in any particular age class.

The company does an excellent job of identifying and treating occurrences of non-native invasive species. Scotch broom is one of the primary invasive species found in the area, although there are a number of other species. Occurrences of scotch broom are treated with herbicide.

Objective 5-Management of Visual Quality and Recreational Benefits: Campbell has a program to address visual quality management when necessary. Much of the company's property is in rural areas away from view of the general public. However, the newly acquired property out of Snowqualmie has a lot of visual sensitivity. While no sites were observed that required any visual management considerations, there are a number of harvest units on the property where such considerations will be made. Average clearcut size is for 2015 was 63 acres. The Oregon FPA limits clearcuts to 120 acres. The Washington FPA allows clearcuts up to 240 acres, but the company limits clearcuts to 120 acres in Washington since the requirements to exceed that amount are onerous. Compliance with the Washington FPA green-up requirement was observed on all sites reviewed during the audit.

Objective 6-Protection of Special Sites: Campbell has a special sites program to protect sites on its property with cultural, historical, or geological uniqueness. These sites are identified on the GIS, which is used during the planning process to determine if any of these sites are located within activity unit boundaries. Management plans are developed for the most significant sites, termed "Tier 1" sites.

Objective 7-Efficient Use of Fiber Resources: Utilization was acceptable on all harvest units observed during the audit. A lack of pulpwood and biomass markets has limited the company's ability to move small wood.

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

Campbell has a written policy to respect indigenous people's rights. The company has a lot of contact with local tribes, allowing them to have access to the property for fish surveys. Tribes have the capability to provide comments on timber harvest permits and notifications. Campbell has a policy respond to inquiries from indigenous peoples.

Objective 9-Legal and Regulatory Compliance:

Washington and Oregon has an FPA permitting process in place to ensure regulatory compliance in both states. One notice to comply was received at the Wallace Falls for constructing a temporary crossing in a fish stream without having approval in the FPA process. The contractor has since been fired. No other violations are in evidence.

Objective 10-Forestry Research, Science and Technology:

Campbell is a member of NCASI, and demonstrated access to the NCASI dataset. Research results are analyzed and incorporated into management decisions where they are applicable. Participation in the Oregon and Washington SICs includes development of biodiversity information for family forest landowners. Campbell also has access to the state compliance audit results. The company provided evidence it has access to information on the potential effects of climate change on forest and forest productivity.

Objective 11-Training and Education: Campbell has a stewardship policy posted on its external website. The company has a document that provides training requirements. Training records verified training has occurred as required by the company's procedures. Campbell requires loggers and road construction contractors to complete SIC logger training. All loggers reviewed during the audit were trained according to the requirements of the Washington SIC. The company's logging contract contains a requirement that all logging crew have at least one person on site who is a recognized qualified logger. Campbell's membership in the SICs provides for the development and distribution of logger training and education programs.

Objective 12-Community Involvement and Landowner Outreach: Campbell is a member of the Washington and Oregon SICs. Campbell's membership in the SICs provides for the development and distribution of landowner materials that contain information on the conservation of biological diversity. The company produced ample evidence of its participation in public educational opportunities. Campbell still operates its "Grow the Good" program, which has been recognized in the past as a commendable effort to contribute personnel and financial resources to local communities. The company's membership in the SICs includes support for the SICs inconsistent practices policies. The company has a procedure for handling public inquiries and reports of inconsistent practice.

Objective 13: Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting A review of the SFI, Inc. website provided evidence Campbell Global submitted its 2015 surveillance audit report as required for public review. The company has procedures in place to provide for all the pieces of information needed to complete the SFI annual progress report. An e-mail transmission from SFI, Inc. provided evidence the company submitted the 2015 annual progress report in a timely manner.

Objective 15-Management Review: Campbell Global continues to operate a two-tiered management review process, consisting of system evaluation and improvements conducted by an SFI review team, and an annual overall program review by top management. Procedures are in place to provide for the information that is presented to management to evaluate the company's commitment to the SFI Standard. An internal audit program is in place to monitor performance and progress, and to meet multi-site sampling requirements. The company continues to exhibit a commitment to continual

improvement.

Findings

Previous non-conformances:

No non-conformances were issued during the previous audit.

Non-conformances:

No non-conformances were issued during this audit.

Opportunities for Improvement:

Two opportunities for improvement were issued.

1. PM 1.3, Ind. 1: One harvest unit was observed where Campbell was harvesting timber on ground that was going to be converted to a rock quarry. The ground is given back to Campbell after some period of years for reforestation, so it is questionable as to where this would truly be considered a conversion. However, interviews conducted with Campbell employees indicate a lack of knowledge as to the requirement to notify customers that any wood coming from a conversion source is not counted as SFI certified. Campbell should consider reviewing the requirements of this indicator to make sure it is aware of the need to notify receiving mills that any wood coming from a conversion to non-forest use is not counted as SFI certified.
2. PM 2.1, Ind. 1: Only 215 out of 7,294 acres were planted more than 2 years after harvest in 2015. Even though this is a minimal amount, there is no documented justification for going beyond 2 years. Consider providing more documented justification for the reasons for going more than 2 years or two planting seasons past harvest.

Notable Practices:

One notable practice was issued.

1. PM 2.2, Ind. 1: Campbell applies a small amount of fertilizer directly to each seedling in an effort to eliminate or dramatically reduce chemical use. The theory is that fertilized trees jump above the competing vegetation quickly and establish themselves without the need for chemical treatment. This is a practice unique to the Olympic Peninsula that the auditor has not seen practiced elsewhere, at least for the intended purpose of eliminating herbicide use.

Logo/label use:

Campbell does not use either the SFI or BVC logos.

SFI reporting:

The 2015 surveillance audit report was found on the SFI website as required for public review.

Conclusions

Since no non-conformances were issued, the lead auditor issued a recommendation for immediate recertification to the SFI 2015-2019 Standard Forest Management Edition.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: August 15, 2016				To: August 19, 2016			
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:	8/19/2016
All NCR's Closed		Yes		No		N/A	X	Date:	
Standard audit conducted against:									
1)	SFIS 2015-2019 FM Edition			3)					
2)				4)					
Team Leader (1):		Team Members (2,3,4...)							
Richard Boitnott; CF, AF, EMS)LA)		2)							
		3)							
		4)							
		5)							
Scope of Supply: (scope statement must be verified and appear in the space below)									
Management of Forest Lands									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date	July 18-21, 2017								
Audit Report Distribution									
Bureau Veritas Certification: Dawn Komnick-dawn.komnick@us.bureauveritas.com									
Campbell Global: Doug Meekins-dmeekins@campbellglobal.com									

Clause	Audit Report
Opening Meeting	<p>Participants: Doug Meekings, Jim Hansen</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: Doug Meekings, Jim Hansen, Stephen Levesque, Wes Romberg, John Goodrum, Jim Roberts, Justin Knoebel, Ryan Kaine, Mark Oergel, Mike Merch, Tabi Bolton, Mark Baugh</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