



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

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PQC Code	E06
Contract Number	US2063595

Certification Audit:		Re-Certification Audit:		Surveillance Audit:	S1	Scope extension audit:	
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Audit Summary

Introduction

This report summarizes the results of the surveillance audit conducted on Lone Rock Timber Management Company’s SFI program for forest management operations. Richard Boitnott, Bureau Veritas Certification Lead Auditor, conducted the audit October 4 through the 6th, 2016. Mr. Boitnott is a 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 “Land and Timber Management”. The audit was conducted against the SFI 2015-2019 Standard Forest Management Edition. All SFIS Objectives were reviewed 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.

Audit Plan

The audit was conducted for 3 days October 4th through the 6th, 2016, with ½ day of document review conducted the morning of the 4th, and field visits conducted the remainder of the audit. A closing meeting was held at the end of the day on the 6th. An audit plan was developed and maintained on file by Bureau Veritas Certification.

Company Information

Lone Rock is a forest management company, managing approximately 128,000 acres in Oregon. The company manages land near Roseburg, Coos Bay, and Medford. The coastal properties consist primarily of Douglas fir, with lesser amounts of western hemlock, western red cedar, Sitka spruce, red alder, and noble fir. The coast range receives much more rainfall than the interior. Topography is generally steep, with a majority of sites logged using cable systems. Regeneration is accomplished through herbicide site preparation and planting. The primary species is Douglas fir, although a mix

of other species typically occupies regenerated sites depending on the species mix of the previous stand. The property near Roseburg also consists primarily of Douglas fir, and is regenerated artificially following chemical site preparation. The Medford properties are drier, resulting in a greater prevalence of Ponderosa pine. Sugar pine, incense cedar, and white fir are also found in this region, as well as a number of hardwood species. Topography in this area is more gentle, with more ground skidding used than cable logging. Stands in the Medford area are also regenerated artificially using herbicide site preparation and planting, with Douglas fir and ponderosa pine being the primary species.

A forest practices act (FPAs) is in place in Oregon, which proscribes many activities that support the company’s SFI program. Riparian protection is heavily regulated and monitored by state agency stewardship foresters. Wildlife management practices are also regulated, with the amount of standing retention and downed woody debris also controlled by FPA.

Multi-Site Requirements

Lone Rock operates a multi-site program consisting of a central office in Roseburg, with offices in Myrtle Point and Central Point. The company’s management system is controlled and directed by an SFI manager located at the central office. The SFI manager operates an internal audit program across all offices. Resource units are responsible for developing corrective actions and reporting to the central office. The internal audit program is one upon which Bureau Veritas Certification can place a high degree of reliance to ensure continued conformance with the SFI standard. All sites are audited each year since the company only has two in addition to the central office. However, the company wants to grow, so multi-site sampling will be appropriate in the future.

Multi-Site	X	Group Certification	
Sites		Sites Audited During this Event	
Roseburg, OR		X	
Myrtle Point, OR		X	
Central Point, OR		X	

Audit Results

The document review was conducted to determine if Lone Rock’s system documentation continues to meet the requirements of the SFI 2015-2019 Standard Forest Management Edition. The field audit consisted of a review of six clearcut harvests, five chemical applications, two regeneration, and three road construction/re-construction projects. Two of the clearcut harvests had also been chemically site prepared.

Objective 1-Forest Management Planning:

Lone Rock has a stand-level forest inventory. Stands are grouped according to phototypes, which provides a land classification. The company uses FPS as its growth and yield model. Stands are grown for 65 years. Sustainable harvest levels are built every 10 years, with 3-year operational plan. Soils information is available in the GIS. Non-forest phototypes are removed from harvest scheduling. Biodiversity at landscape scales is accomplished through the company’s wildlife and biodiversity program. Actual harvest levels have been below projected until the past 3 years, when it has been in line with projected. Standing inventory has been increasing each year since 2002 except for one year.

Lone Rock generally does not convert except for minor instances of converting alder back to conifer. The company has a program to analyze the ecological consequences of such conversions. Lone Rock

does not convert anything to a non-forest use.

Objective 2-Forest Health and Productivity:

All stands are designated for artificial regeneration. Clearcut stands are regenerated as quickly as possible, certainly within two growing seasons. Evidence of this was apparent during the audit. Clearcut units were being chemically site prepared very quickly following harvest. In addition, one unit devastated by wildfire was regenerated immediately following the fire. Herbicide applications were very well done. Rates are well below label maximums. The company uses a variety of mixes depending on the vegetation present on each site. No overspray into off-target areas was observed during the audit.

Lone Rock continues to use Rozol to control mountain beavers. Rozol contains chlorophacinone which is listed as a WHO type 1 pesticide. However, the formulation used in Rozol uses an amount of chlorophacinone that classifies it as a WHO type U pesticide. Lone Rock was granted permission last year to use Rozol for mountain beaver control based on this formulation.

Soil productivity was well protected. Soils are mapped, and foresters had soil maps on site. The company has developed guidelines for the protection of soil productivity. All contract administrators were aware of the guidelines. The greatest threat to soil productivity is on ground-based logging systems. Very little rutting or soil compaction was observed during the audit.

Objective 3-Protection and Maintenance of Water Resources:

All harvest units observed during the audit met the Oregon FPA requirements for water quality protection. All riparian management areas (RMA) were well established, meeting or exceeding FPA requirements. BMP compliance is specified in the logging and road construction contracts. All water control measures observed during this audit met BMP requirements. This was an issue last year that appears to have been remedied.

Objective 4-Conservation of Biological Diversity:

Lone Rock has developed a wildlife and biodiversity plan to ensure the incorporation of biodiversity considerations in the activity planning process. Procedures are in place to ensure the company meets the OR FPA requirements for wildlife tree retention and downed woody debris. All harvest units observed during the audit demonstrated ample green-tree retention and downed woody debris. Lone Rock does a good job of attempting to leave some retention outside the RMA if it is feasible to do so.

Age classes have been documented. All forest types are mixed conifer. A matrix has been developed describing the diversity of age class distribution. The company's land is adjacent to a considerable amount of public land (USFS and BLM). Therefore, Lone Rock's goal is to provide early seral stages of forest adjacent to public land's later seral stage.

The wildlife and biodiversity plan identifies the T&E species that could occur on Lone Rock property. The most significant species are the northern spotted owl (NSO) and marbled murrelett (MAMU). Protection measures are in place where these species are found. No NSO nest sites are located on Lone Rock property, but they are impacted by nest sites on adjoining public property. No MAMUs are known to occur on company land.

Information from the Oregon Biodiversity Information Center (OBIC) has been gathered on Lone Rock property. A wildlife consultant is responsible for reviewing future harvest units and comparing harvest sites with information cleaned from OBIC and the Oregon Conservation Strategy (OCS).

Sites identified go beyond G1/G2, and include species of concern and habitats identified by OCS as being ecologically significant. Potential site locations are identified on harvest maps and management recommendations made. All harvest units are reviewed by a certified wildlife biologist for any OBIC occurrences, and protection measures are recommended and implemented.

Employees are very well aware of the potential invasive species that could occur in their area of operation. One of the most significant is scotch broom, which is treated aggressively with herbicides.

Objective 5-Management of Visual Quality and Recreational Benefits:

Lone Rock has a program in place to address the visual quality of its operations. Most harvest operations are well out of the site of the general public. However, the Brennan's Boil tract was within view of a community with negative opinions of Lone Rock's operations. The company modified the scale of a clearcut within view of this community to address their concerns.

The average clearcut size for 2015 was 51 acres. The Oregon FPA limits clearcuts to a maximum of 120 acres, so the company will never exceed that amount for its average. The Oregon FPA green-up requirement is used by Lone Rock as its green-up requirement. All clearcut harvest reviewed during the audit complied with the Oregon FPA requirement.

Objective 6-Protection of Special Sites:

Geologically or culturally unique sites have been identified. Geologically unique sites are included as a phototype. Lone Rock participates with two local native American tribes to identify culturally significant sites. Geologically significant sites are mapped in the GIS. No management activities are required. Culturally significant sites are not mapped, as that information is considered proprietary.

Objective 7-Efficient Use of Fiber Resources:

Utilization was acceptable on all harvest units observed during the audit.

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

Lone Rock has a written policy to respect the rights of indigenous peoples. There are two tribes with which Lone Rock works to identify potential occurrences of culturally significant sites on company property. The company shares their ownership shape files with the tribes, and meets with the tribes annually to review any properties where culturally significant sites could be impacted by Lone Rock operations. The company has an excellent relationship with the two tribes in its area, and was issued a notable practice for their efforts that go beyond the requirement of the SFI standard.

Objective 9-Legal and Regulatory Compliance:

Lone Rock has access to applicable laws and regulations, the most significant being the OR FPA. Pre-harvest planning process includes a review of potential T&E species. The company must provide a notification to ODF prior to harvesting. A pre-harvest conference is conducted with each job to review compliance. Interim and final inspections are conducted to ensure compliance. The company has received no violations from ODF. No spill kid was found on one road construction project observed during the audit. This is a requirement stated in the road construction contract. There was apparently no check made on that operator to verify that he met the requirement stated in the road construction contract. A minor non-conformance was issued to address this deficiency in the company's program to achieve regulatory compliance.

Objective 10-Forestry Research, Science and Technology:

Lone Rock is a member of a number coops, contributing to a variety of research efforts, including forest health and productivity, water quality, and wildlife habitat. The company has access to information on the potential impacts of climate change on forest health and productivity, and wildlife and wildlife habitat.

Objective 11-Training and Education:

A written statement of commitment to the SFI 2015-2019 Standard is included in the sustainable forestry policy, and has been communicated throughout the company and to all contractors. Assignment of responsibilities for SFI is articulated in performance reviews. Staff training is conducted, with records maintained. Logging contractors are required to qualified according to the requirements of the Oregon Professional Loggers Association. Logging contracts contain a requirement for qualified loggers on each logging job.

Objective 12-Community Involvement and Landowner Outreach:

Lone Rock is a member of the Oregon SIC. Its participation in the OR SIC includes support for the development and distribution of landowner information materials that includes information on the conservation of biological diversity. The company is involved in a number of public educational opportunities. Lone Rock has a procedure in place to respond to public inquiries.

Objective 13: Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting: The 2015 initial audit report as found on the SFI, Inc. website as required for public review. The company did not achieve certification until February 2016, so it has not yet completed an SFI annual progress report. The company has procedures in place to submit the SFI annual progress report.

Objective 15-Management Review:

Lone Rock has a management review process in place. Management review is a continuous process, occurring at least quarterly. The company does a good job of reviewing its progress towards implementing its SFI program, particularly in addressing the non-conformances issued during last year's audit.

Findings

Previous non-conformances:

Four minor non-conformances were issued during the stage 1 and stage 2 initial audits. All were closed prior to granting certification. Three were system documentation related, but one was due to inadequate water diversion installations leading to a possible sediment delivery into an active stream course. No such issues were found during this audit, providing evidence the company has implemented its corrective action plan properly.

Non-conformances:

One minor non-conformance was issued during this audit. The SF02 nonconformity report is shown below.

Opportunities for Improvement:

No opportunities for improvement were issued.

Notable Practices:

One notable practice was issued.

1. PM 8.3, Ind. 1: Lone Rock has done an excellent job of going beyond simply being aware of traditional knowledge. LRTC works to identify potential occurrences of culturally significant sites on company property. LRTC shares their ownership shape files with two tribes, and meets with the tribes annually with an update of planned operations. The tribes review the plan and notify the company if it believes any culturally significant site could be impacted by LRTC operations.

Logo/label use:

Lone Rock does not use the SFI or BVC logos

SFI reporting:

The 2015 initial audit report was found on the SFI, Inc. as required for public review.

Conclusions

The lead auditor issued a recommendation for continued certification to the SFI 2015-2019 Standard contingent upon completion of a corrective action plan to address the minor non-conformance. A root cause analysis and corrective action plan is due to dawn.komnick@us.bureauveritas.com within 30 days of the closing meeting.

Follow-up

Lone Rock submitted an acceptable corrective action plan. The non-conformances was cleared on 10/30/2016 and the company recommended for continued certification to the SFI 2015-2019 FM standard.

SEE SF61s FOR AUDIT NOTES

Summary of Audit Findings:									
Audit Date(s):		From: Oct. 4, 2016				To: Oct. 6, 2016			
Number of SF02's Raised:			Major:			Minor:		1	
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	X	No		N/A		Date:	10/30/2016
Proceed to/Continue Certification		Yes	X	No		N/A		Date:	10/30/2016
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, EMS (LA)			2)						
			3)						
			4)						
			5)						
Scope of Supply: (scope statement must be verified and appear in the space below)									
Land and timber management									
Accreditation's		ANAB							
Number of Certificates		1							
Proposed Date for Next Audit Event									
Date		October 3-5 2017							
Audit Report Distribution									
Lone Rock : Jake Gibbs-jgibbs@lrtc.com									
BVC: Dawn Komnick-dawn.komnick@us.bureauvertitas.com									

Clause	Audit Report
Opening Meeting	Participants: Jake Gibbs, Ryan Bronson <ul style="list-style-type: none"> ➤ Introductions ➤ Scope of the audit Discussions: <ul style="list-style-type: none"> ➤ Audit schedule/plan ➤ Nonconformance types – Major / Minor ➤ Review of previous nonconformances – 4 ➤ Process approach to auditing and audit sampling ➤ Confidentiality agreement ➤ Termination of the audit ➤ Appeals process ➤ Closing meeting timing
Closing Meeting	Participants: Jake Gibbs, Ryan Bronson <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 - 1 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

Company Name and Site:		<u>SF02#:</u>	
Lone Rock Timber Management Co.		S1-01	
Contract #:	Type of audit (e.g., initial, surveillance):	Team Leader:	
US2063595	Surveillance #1	Richard Boitnott	
Date:	Standard and Clause #:	Team Member:	
10/6/2016	SFIS PM 9.2, Ind. 2		
Major	Minor	Other Documents (if applicable):	Company Representative:
	X	Road Construction contract Attachment F	Jake Gibbs
REQUIREMENT OF AUDITED STANDARD:			
PM 9.2, Ind.2 requires the organization to have a system to achieve regulatory compliance. Attachment F of the road construction contract requires contractors to have a spill kit on site.			
OBSERVED NONCONFORMITY AND, for FSC only, CORRECTIVE ACTION REQUEST:			
No spill kit was found on one road construction project observed during the audit. There was apparently no check made on that operator to verify that he met the requirement stated in the road construction contract.			
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)			
Corrective Action Plan Date:	10/17/2016	Company Representative:	Jake Gibbs
Root Cause Analysis and Corrective Action			
<p>Root Cause: LRTM Contracts require operators to provide a spill plan and associated equipment capable of containing petroleum or chemical spills associated with the contracted work. The observed nonconformity was the result of a Contractor changing operators and equipment to complete a road construction project. The new operator was not present at the initial pre-work meeting and inspection so the LRTM administrator did not have the opportunity to inspect the equipment.</p> <p>Corrective Action Plan: LRTM administrators will emphasize all contract requirements during pre-work meetings and inspections. Additional follow up of contractors and operators will be conducted during active operations. LRTM sustainability staff will review contract requirements during monthly staff meetings and report progress to LRTM management.</p>			
ROOT CAUSE AND CORRECTIVE ACTION PLAN ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Verify effective identification of Root Cause and acceptance of Corrective Action Plan)			
Root Cause: Acceptable Corrective Action Plan: Acceptable			
Plan Accepted:	Yes	X	No
Comments:			
Auditor:	Richard Boitnott		Date: 10/30/2016
CORRECTIVE ACTION IMPLEMENTATION			
To be completed by Company – Provide objective evidence. Not to exceed: 90 Days SFI, PEFC <input checked="" type="checkbox"/> ; 1 year FSC <input type="checkbox"/> ; other <input type="checkbox"/> X Days			
Corrective Action Completion Date:		Company Representative:	
Corrective Action Implementation:			
Method used to verify effectiveness of action taken:			
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)			
Accepted:	Yes	No	Nonconformance Closed: Yes No
Follow Up Comments:			

Auditor:		Date:	
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