



**BUREAU
VERITAS**

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

390 Benmar Drive, Suite 100
Houston, TX 77060
Phone (281) 986-1300: Toll Free (800) 937-9311

Company Name	GreenWood Resources, Inc.
Contact Person	Andrew Rodstrom
Address	3447 Hwy 101, Gearhart, OR 97138
Phone / Fax	(971) 270-4815(O) (740) 398-7984 (M)
PQC Code	E01E
Contract Number	US.2119421

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

Audit Summary
Introduction
<p>This report summarizes the results of the initial audit conducted on GreenWood Resource’s s SFI program for forest management operations. Richard Boitnott, Bureau Veritas Certification Lead Auditor, conducted the stage 1 audit on October 21, 2015, and stage 2 on October 22-23. Mr. Boitnott is a certified forester, an EMS lead auditor, and has wildlife management expertise.</p>
Audit Scope, Objectives and Process
<p>The scope of the audit is “Land 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.</p>
Audit Plan
<p>The stage 1 audit was conducted for 1 day in the Portland, Oregon central office on October 21, and stage 2 immediately afterwards on October 22 and 23 in the Seaside, Oregon area. A closing meeting was held at the end of the day on October 23. An audit plan was developed and maintained on file by Bureau Veritas Certification.</p>
Company Information
<p>Greenwood Resources is a timberland investment management company. Greenwood manages a number of hybrid poplar plantations in Oregon. This certification is limited to the approximately 140,000 acres they manage near Seaside Oregon. GreenWood took over management of a landbase that has been under an SFI program under previous management regimes since 1999. This enabled the lead auditor to do a back-to-back stage 1 and stage 2, since there was a high degree of confidence the company was going to have a management system in place that was similar to previous management, which has been extremely good over the years.</p>

This property consists of a coniferous forest typical of the Pacific Northwest. Primary species are Western Hemlock, Douglas fir, with Red alder, Sitka spruce and Western red cedar also present. The company regenerates its forest using clearcutting, followed by chemical site preparation where necessary, and artificial regeneration. Given the property's proximity to the Pacific coast, regeneration is heavy to Western Hemlock, although the company often mixes in the other dominant species when it establishes plantations. Douglas fir is the primary species used in more inland areas. A forest practices act (FPA) 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

N/A

Audit Results

The stage 1 audit was conducted to determine if Greenwood Resources' system documentation met the requirements of the SFI 2015-2019 Standard Forest Management Edition. The stage 2 audit was concentrated on field operations to determine if the company is meeting the requirements of the SFI Standard and its own system requirements in the way it conducts its forest management activities. The field audit consisted of a review of four clearcut harvests, three chemical site preparation tracts, one herbicide release, two road construction/culvert installation projects, and one alder slashing project. One of the clearcut harvests had also been chemically site prepared.

Objective 1-Forest Management Planning:

Greenwood has a stand-level forest inventory. The company uses FPS as its growth and yield model, but is recalibrating the results. Sustainable harvest plans are developed with a 5-year operational plan. Soils information is available in the GIS. Non-productive types are removed from harvest scheduling. Biodiversity at landscape scales is accomplished through the company's wildlife and biodiversity program. The projected harvest levels are in line with the long-term plan. However, this will have to be monitored in the future. The company does not convert any forest to other cover types, and does not convert to non-forest uses.

Objective 2-Forest Health and Productivity:

Greenwood only recently took over management of the property, and has not yet gone through a planting season. The company intends to plant well within two growing seasons. All units are designated for artificial regeneration. No substantial amount of natural regeneration is used. The company operates an excellent herbicide application program. Rates are very low, well below label maximums. Only the mix needed to control vegetation on the site is used. Only approximately one-third of the clearcut sites receive a herbicide application, and many of those applications are done using hand spray in order to address neighbor issues. Herbicide applications are done very cautiously, leaving wide buffers on RMAs and neighboring landowners. This is necessary due to high public visibility of the company's landbase, and the sensitivity of chemical applications in Oregon. Greenwood's efforts resulted in the issuance of a notable practice.

Soil information is available from the NRCS and is mapped in the GIS. Information on acceptable rutting depth is included. Soil maps are provided to logging contractors to help them determine soil conditions on each unit. All harvest units observed during the audit demonstrated protection of soil productivity.

Greenwood addresses forest health by planting Western Hemlock close to the coast instead of

Douglas fir due to the susceptibility of fir to Swiss needle cast.

Objective 3-Protection and Maintenance of Water Resources:

Protection of water quality is highly regulated in Oregon. All harvest units and road construction activities complied with the Oregon FPA. Riparian management areas were very well established, meeting or exceeding FPA requirements. Road construction and culvert installation projects reviewed during the audit were well done. One fish passage project was especially notable. This cooperative project involved the installation of two very large arches to facilitate fish passage. The project also involved the dropping of a number of trees into the stream to increase pool habitat for anadromous fish species. Although this is not an uncommon practice in this region of the country, the amount of resources committed by the client and the scale of this project made it a notable practice.

Objective 4-Conservation of Biological Diversity:

GreenWood 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 stand-level habitat elements.

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, GreenWood'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 land managed by GreenWood. The most significant species are the norther spotted owl (NSO) and marbeled murrelett (MAMU). Protection measures are in place where these species are found. No NSO nest sites are located on GreenWood property, but they are impacted by nest sites or potential habitat on adjoining public property. No MAMUs are known to occur on Greenwood property, but again, they are impacted by occupied or potential habitat on adjacent public land.

Information from the Oregon Biodiversity Information Center (OBIC) has been gathered on GreenWood property. Management plans are developed for the most significant. Training is provided for all employees and contractors to identify potential occurrences of FECVs.

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:

GreenWood has a very robust visual quality management program, given the proximity of its landbase to coastal communities with high tourist traffic. The company has a GIS-based analysis tool used to evaluate the potential impacts of its harvest sites. Mitigation measures are taken if the tool demonstrates high visibility of a site to the public.

Average clearcut size since GreenWood took over management of the property is 82 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 also regulates green-up, but GreenWood practices the 3 years or 5 feet in height requirement of the SFI Standard. All clearcut sites reviewed during the audit demonstrated compliance with the company's green-up requirement.

Objective 6-Protection of Special Sites:

Geologically or culturally unique sites have been identified. The only sites alleged to occur on the property are old homesites, although none have been found.

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:

GreenWood has a written policy to respect the rights of indigenous peoples. There are no known federally recognized tribes in northwest Oregon. However, the company is aware of a group of non-federally recognized indigenous peoples, and is aware of their traditional forest-related knowledge. GreenWood's policy includes a commitment to respond to inquiries from indigenous peoples should they receive any.

Objective 9-Legal and Regulatory Compliance:

GreenWood has access to applicable laws and regulations, the most significant being the OR FPA. The company's system for achieving regulatory compliance consists of pre-activity planning processes, including the submission of a notification to the Oregon Department of Forestry (ODF), and inspection processes while activities are in progress and when they are completed. The company has received no violations from ODF.

Objective 10-Forestry Research, Science and Technology:

GreenWood is a member of a number coops, contributing to a variety of research efforts, including forest health and productivity, water quality, and wildlife habitat. GreenWood is just now joining the OR SIC. Membership in the OR SIC includes access to BMP implementation data and involvement in the development of biodiversity conservation information for family forest landowners. The company demonstrated it 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:

Roles and responsibilities are outlined in the training and education document. Records verified training has occurred as required by the company's own procedures. GreenWood requires all contractors to be qualified loggers. However, the company was not able to produce evidence it had a written agreement with loggers requiring them to use qualified logging professionals. A non-conformance was issued.

Objective 12-Community Involvement and Landowner Outreach:

GreenWood has just recently joined 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 produced ample evidence of its involvement in a variety of public educational opportunities. GreenWood has a procedure in place to respond to public inquires.

Objective 13: Public Land Management Responsibilities: N/A

Objective 14-Communications and Public Reporting:

Since GreenWood has only been managing the property for three months, it has not yet submitted an SFI audit report or the SFI annual progress report. However, the company has procedures in place to enable it to complete the SFI annual progress report. GreenWood is also aware of the requirement to submit its SFI audit report to SFI, Inc. for public review.

Objective 15-Management Review:

GreenWood has a management review process in place. A number of management review meetings have taken place as the company developed its SFI program.

Findings

Previous non-conformances:

Since this is an initial audit, there were no non-conformances issued previously.

Non-conformances:

One minor non-conformance was issued during stage 1 due to a lack of a requirement for logger training in the company's logging contract. The SF02 nonconformity report is shown below. This was closed immediately after the audit.

Opportunities for Improvement:

No opportunities for improvement were issued.

Notable Practices:

Two notable practices were issued.

1. PM 2.2, Ind. 8: GreenWood has developed a very robust set of herbicide application procedures. The company is very cautious, leaving ample buffers along stream courses and property lines. The company does an excellent job of limiting herbicide use. Only about 1/3rd of clearcut sites receive chemical applications, many being ground-based due to proximity to neighbors. Rates are very low, not even close to label rates.
2. PM 3.2, Ind. 1: GreenWood participated in a cooperative project that involved the installation of two very large arches to facilitate fish passage. The project also involved the dropping of a number of trees into the stream to increase pool habitat for anadromous fish species. Although this is not an uncommon practice in this region, the amount of resources committed by the client, the scale of this project, and the importance of this particular stream course made it a notable practice.

Logo/label use:

GreenWood does not plan to use either the SFI or BVC logos, but knows to get permission before doing so.

SFI reporting:

No previous audit reports have been submitted since this is an initial audit.

Conclusions

The non-conformance issued during stage 1 was closed immediately after the audit, so the company is recommended for immediate certification to the SFI 2015-2019 Standard.

SEE SF61 FOR AUDIT NOTES

Summary of Audit Findings:										
Audit Date(s):		From: 10/21/2015				To: 10/23/2015				
Number of SF02's Raised:				Major:		0		Minor:		1
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 checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	10/24/2015	
Proceed to/Continue Certification		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	10/24/2015	
All NCR's Closed		Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>	Date:	10/24/2015	
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 Management										
Accreditation's		ANAB								
Number of Certificates		1								
Proposed Date for Next Audit Event										
Date	September 2016									
Audit Report Distribution										
BVC : Dawn Komnick-dawn.komnick@us.bureauveritas.com										
GreenWood Resources: Andrew Rodstrom-andrew.rodstrom@gwrglobal.com										

Clause	Audit Report
Opening Meeting	<p>Participants: Jim Hunt, Andrew Rodstrom, Mark Morgans, Don Rice</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: Jim Hunt, Andrew Rodstrom, Mark Morgans, Patti Jones, Rich Reeves, Tom Clark, Tara Malinin, Kat Olsen, Don Rice</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 - 1 ➤ Date for next audit. ➤ Reporting protocol and timing



SF02/NA NONCONFORMITY REPORT

GreenWood Resources		Company Name and Site:		SF02#:	
SFI-01		Contract #:		Type of audit (e.g., initial, surveillance):	
US2119421		Stage 1		Team Leader:	
Richard Boitnott		Date:		Standard and Clause #:	
10/22/2015		SFIS PM 11.1, Ind. 5		Team Member:	
Major		Minor		Other Documents (if applicable):	
X				Company Representative:	
Jim Hunt					
REQUIREMENT OF AUDITED STANDARD:					
PM 11.1, Ind. 5 requires Program Participants to have written agreements for the use of qualified logging professionals.					
OBSERVED NONCONFORMITY AND, for FSC only, CORRECTIVE ACTION REQUEST:					
The logging contract does not have a requirement for the use of qualified loggers.					
ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION PLAN (To be completed by the Company. Plan to be submitted in 30 days)					
Corrective Action Plan Date:		10/22/2015		Company Representative:	
Jim Hunt					
Root Cause Analysis and Corrective Action					
Root Cause: Had some misinterpretation of what constituted a written agreement					
Corrective Action Plan: Modify the logging contract to contain language requiring the use of qualified loggers					
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:	
10/24/2015					
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:		10/23/2015		Company Representative:	
Jim Hunt					
Corrective Action Implementation: Modified logging contract to include language requiring the use of qualified loggers					
Method used to verify effectiveness of action taken: Review of logging contract					
CORRECTIVE ACTION IMPLEMENTATION ACCEPTANCE REPORT (To be completed by Bureau Veritas Certification – Acceptance of Corrective Action taken)					
Accepted:		Yes		X	
		No			
Nonconformance Closed:		Yes		X	
		No			
Follow Up Comments:					
Auditor:		Richard Boitnott		Date:	
10/24/2015					