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SmartLogging
2020 Annual Audit
Report for:

The Trust to
Conserve Northeast
Forestlands

in
Augusta, Maine, USA

| | |
|--------------------------------|--|
| Certificate code: | NC-SL-000001 |
| Auditors: | John Auel, Lead Auditor Gabriel Bolton, Auditor |
| Audit Dates: | February 2 – March 16, 2021 |
| Report Finalized: | May 14, 2021 |
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| Operation Contact: Address: | Ted Wright 108 Sewall Street Augusta, ME 04332 |

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of **The Trust to Conserve Northeast Forestlands (TCNEF)**, hereafter referred to as SmartLogging Operation (SLO). The report presents the findings of Preferred by Nature auditors who have evaluated company systems and performance against the SmartLogging standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the SLO through corrective action requests.

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2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

| | |
|--|---|
| Based on the SLO's conformance with SmartLogging requirements, the audit team makes the following recommendation: | |
| <input checked="" type="checkbox"/> | Certification requirements <u>met</u>; certificate maintenance recommended Upon acceptance of NCR(s) issued below |
| <input type="checkbox"/> | Certification requirements <u>not met</u>: Conformance with Major NCR(s) required |
| Additional comments: | |
| Issues identified as controversial or hard to evaluate. | |

2.2. Changes in the SLO operation, structure, group membership, etc.

15 group members have left the group. The group increased membership with 11 new members, bringing the total number of group members to 116.

Other changes to the operation or structure of the group: Group management has remained the same.

2.3. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action request issued during previous evaluations. For each NCR, a finding is presented along with a description of its current status. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Preferred by Nature certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

| NCR Status Categories | Explanation |
|-----------------------|---|
| Closed | Certified operation has successfully met the NCR and addressed the underlying nonconformance. |
| Open | Certified operation has <u>not met</u> the NCR; underlying nonconformance is still present. NCR becomes a Major NCR with a 3-month deadline for conformance |

| | |
|---|--|
| NCR: 01/19 | NC Classification: Minor |
| Standard & Requirement: | SmartLogging Group Certification Standard (SL-03), Version 1 |
| Report Section: | APPENDIX VI: Group management conformance checklist |
| Description of Non-conformance and Related Evidence: | |
| <p><u>Requirement:</u> “The group manager shall be contractually responsible to NEPCon for ensuring that all the requirements of certification are fully implemented for all members within the scope of the group certification.”</p> <p><u>Finding:</u> During site visits, this auditor asked to review landowner/service contracts for harvesting. At the time of the audit, of the 9 harvester sites visited, the auditor was only able to review one landowner contract. The auditor agreed to give some time for the group manager to obtain and send copies of the landowner/service contracts for each of the harvest sites visited. At time of this report this auditor has only received 5 of the 9 contracts. The auditor considers this a minor non-conformance to standard 1.3 of the SmartLogging Group Certification Standard, for not ensuring that all requirements of certification are fully implemented for all members.</p> | |
| Corrective action request: | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| Timeline for Conformance: | By the next annual surveillance audit, but not later than 12 months from report finalization (10 March 2021) |
| NCR Evaluation Type | On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/> |
| Evidence Provided by Organisation: | The group manager provided the auditor with contracts from the 2019 audit, demonstrating they were in place. In addition, the GM provided contracts for each of the 11 group members audited in 2021. |
| Findings for Evaluation of | Based on interviews with the GM and group members, review of |

| | |
|-----------------------------|--|
| Evidence: | contracts sent to the auditor during the remote portion of this audit, it is evident that the use of contracts for group member work is standard. It was further discovered that the missing documents from the previous audit were the result of confidentiality issues with the entities for which the group members were working. Blank documents were made available that show the clauses used which cover the required elements of the standard. |
| NCR Status: | CLOSED |
| Comments (optional): | |

| | |
|---|--|
| NCR: 02/19 | NC Classification: Minor |
| Standard & Requirement: | SmartLogging Generic Certification Standard (SL-02), Version 6, 3.3.1 |
| Report Section: | APPENDIX III: SmartLogging standard conformance |
| Description of Non-conformance and Related Evidence: | |
| <u>Requirement:</u> "Silvicultural prescriptions are followed." | |
| <u>Finding:</u> Of the nine locations visited, this auditor was only able to review written silvicultural prescriptions for five. This is considered a minor NCR to 3.3.1 of the SmartLogging Generic Certification Standard, Version 6, by the auditor, based upon confusing language in the "Northeast Master Logger Certification Program" document which states at 1.1c, "If a forest management plan exists and is available, applicable elements are incorporated into the harvest plan". | |
| Corrective action request: | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| Timeline for Conformance: | By the next annual surveillance audit, but not later than 12 months from report finalization (10 March 2021) |
| NCR Evaluation Type | On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/> |
| Evidence Provided by Organisation: | Remote Audit Evidence: Contracts, including harvest requirements Interviews with group members performing harvest activities |
| Findings for Evaluation of Evidence: | Remote Audit Evaluation: Contract language includes harvest specifications as to which trees, type of harvest etc. Interviews with the group members further revealed that harvesting contractors follow tract specific plans, i.e., harvesting only trees that are marked, or opening sizes determined by the forester, etc., indicating that they are following the plans laid out by the forest manager. Each group member also indicated that the managing forester routinely monitored harvesting activity to ensure that plans were followed. In cases where group members are making the silvicultural decisions, they have licensed foresters on staff who gain approval for the plans by the landowner prior to harvesting. Six of the eight harvest areas visited were marked timber sales with all trees to be harvested painted by supervising forester. For |

| | |
|-----------------------------|--|
| | the two harvest areas being cut by prescription, the loggers had written silvicultural prescriptions which they were implementing as verified by the audit during site inspections. Based on this evidence this NCR is closed. |
| NCR Status: | CLOSED |
| Comments (optional): | |

| | |
|---|--|
| NCR: 03/19 | NC Classification: Minor |
| Standard & Requirement: | SmartLogging Generic Certification Standard, Version 6 |
| Report Section: | APPENDIX IV: Chain of Custody Conformance |
| Description of Non-conformance and Related Evidence: | |
| <p><u>Requirement:</u> "A summary of forest products, which includes at a minimum, delivery dates, destinations, volumes and species is provided to the SmartLogging auditor during the annual audit."</p> <p><u>Finding:</u> Each group member keeps a record of the volume of forest products delivered to each mill. Mill receipts are verified against trip tickets and used to summarize volumes and values for group member recordkeeping and payment to landowners. The volume summary for all group members produced a total of 5,439,304 green tons of wood in 2019. Missing from this information is the delivery dates, destinations, volumes, and species. As such it is concluded to be a minor NCR.</p> | |
| Corrective action request: | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| Timeline for Conformance: | By the next annual surveillance audit, but not later than 12 months from report finalization (10 March 2021) |
| NCR Evaluation Type | On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/> |
| Evidence Provided by Organisation: | Northeast Master Logger Certification Annual Survey 2019 SL-02 SmartLogging Generic Standard Jul08 SL-03 SmartLogging Group Certification Standard 03Mar09 |
| Findings for Evaluation of Evidence: | <p>Regarding Appendix IV CoC of the report template, specifically 2.5.3, CoC is verified at the member level, not the group manager level. Group members are able to provide this information upon request and therefore there is conformance to this requirement.</p> <p>Indicator 6.1.3 requires the group member to maintain records of contracts, mills, destinations, volumes, and species. Each group member maintains these records as part of their normal business operations. Therefore, there is conformance to this requirement.</p> |
| NCR Status: | CLOSED |
| Comments (optional): | |

2.4. New corrective actions issued as a result of this audit

| | |
|---|--|
| NCR: 01/20 | NC Classification: Minor |
| Standard & Requirement: | 6.1.1 - SL-02 SmartLogging Generic Standard |
| Report Section: | Appendix III |
| Description of Non-conformance and Related Evidence: | |
| <u>Requirement:</u> "6.1.1 – Harvester has a written business plan." | |
| <p><u>Finding:</u> None of the group members interviewed had a current written business plan. However, it was obvious during the interviews that each had detailed knowledge of their businesses and has adapted to rapidly changing circumstances, (losses or changes to markets, changes to laws and regulations, changes to work forces, etc.) to ensure survival. Furthermore, most group members have a formal business structure, LLC, LLP, or Corporation; this requires an intimate understanding of their operations. While this is a technical nonconformity, given the nature of logging businesses in changing markets, group members' demonstrated adaptability outstrips the utility of a written plan. Nevertheless, a written plan is a requirement under this indicator.</p> | |
| Corrective action request: | <p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| Timeline for Conformance: | Within 12 months from report finalization; May 13, 2022 NCR due |
| NCR Evaluation Type | On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/> |
| Evidence Provided by Organization: | PENDING |
| Findings for Evaluation of Evidence: | PENDING |
| NCR Status: | OPEN |
| Comments (optional): | |

| | |
|--|---|
| NCR: 02/20 | NC Classification: Minor |
| Standard & Requirement: | SL-03 SmartLogging Group Certification Standard 03Mar09 |
| Report Section: | APPENDIX V: Group Management Conformance Checklist |
| Description of Non-conformance and Related Evidence: | |
| <u>4.1.vi – Requirement:</u> "An annual summary of production, sales and forest product purchasers of all members." | |
| <p><u>Finding:</u> The summary provided by TCNEF includes the group annual production and amount of product sold. The summary does not include a list of purchasers (mills) of the harvested volume.</p> | |
| Corrective action request: | Organisation shall implement corrective actions to |

| | |
|---|--|
| | demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| Timeline for Conformance: | Within 12 months from report finalization; May 13, 2022 NCR due |
| NCR Evaluation Type | On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/> |
| Evidence Provided by Organisation: | PENDING |
| Findings for Evaluation of Evidence: | PENDING |
| NCR Status: | OPEN |
| Comments (optional): | |

2.5. Audit observations

Observations are very minor problems or the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into an NCR in the future.

No observations were issued.

3. AUDIT PROCESS

3.1. Auditors and qualifications:

| Name | Role and qualifications |
|--------------|--|
| John B. Auel | Lead Auditor (Remote Auditor), Forester John B Auel completed a BS and MS in Forestry with an emphasis on Industrial Forest Operations from Virginia Polytechnic Institute and State University. He completed a PhD in Forestry from Mississippi State University in 2016. He is the Coordinator for Mississippi's Professional Logging Manager Program and is the MS Tree Farm State Administrator. He has taught Best Management Practices, Certification and Logging Safety for 23 years. He has been an auditor for 12 years and has completed ISO Lead Auditor training, as well as FSC Lead Auditor Training for Forest Management, Chain of Custody, and SmartLogging. He has completed dozens of FM, SmartLogging and CoC audits. |

| | |
|----------------|--|
| Gabriel Bolton | <p>Auditor (Onsite Work)</p> <p>Bachelor of Science in Forestry from the University of Vermont (1996). Worked for over 10 years as a forester in the North-eastern US with 19 years of experience related to forest certification. Employed by Rainforest Alliance in 2006 and has been with NEPCo/Preferred by Nature from 2018. Gabe is global technical expert on forest management certification and has participated in more than 40 audits and assessments on six continents, in addition to completing FSC CoC and FM Lead Assessor Training.</p> |
|----------------|--|

3.2. Audit Overview

| Site(s) | Date(s) | Main activities | Auditor(s) |
|---|---------|--|----------------|
| Remote | 2/2/21 | Opening Meeting | Auel Bolton |
| Remote | 2/8/21 | 1 Group Member Audit | Auel |
| Remote | 2/9/21 | 6 Group Member Audits | Auel |
| Remote | 2/10/21 | 3 Group Member Audits | Auel |
| Remote | 2/12/21 | 1 Group Member Audit | Auel |
| Remote | 2/12/21 | Closing Meeting for Remote Portion of Audit | Auel |
| Candia, Barnstead and Sandwich, NH | 2/23/21 | Opening meeting for onsite portion. Site visit to 4 group member harvest operations | Bolton |
| Milan, NH Burke and Roxbury, VT | 2/24/21 | Site visit to 3 group member harvest operations | Bolton |
| Fairfax, VT | 3/9/21 | Site visit to group member harvest operation | Bolton |
| Remote | 3/16/21 | Closing meeting for onsite portion of audit. | Bolton |
| Total auditing time used (number in person days based on an 8-hour working day): 7.5 days | | | |

3.3. Sampling methodology:

There are currently **116** logging contractors in the TCNEF group. The auditor sampled **11** contractors during the remote portion with **8** visited during the onsite portion of the audit.

The square root of the number of current members(116) is the minimum audit sample. This comes out to 10.8, so 11 loggers were sampled for this audit to meet sampling requirements.

This audit was conducted as a partial remote audit due to COVID-19. This was in accordance with Preferred by Nature Policy on Auditing during COVID-19 Outbreak. Preferred by Nature determined that a partial remote audit could be credibly conducted for the organization. The partial remote audit process was performed in two phases: a remote desk audit followed by onsite field verification. The remote portion of the audit covered all aspects of the audit except for what needed to be verified during field site visits.

3.4. Stakeholder consultation process

No formal stakeholder notification was conducted for this surveillance audit. Individual stakeholders were interviewed as available.

| Stakeholder Type (NGO, government bodies, local inhabitant, contractor etc.) | Stakeholders consulted directly or provided input (#) |
|---|---|
| Contractors | 11 |
| Workers | 2 |

3.5. Changes to Certification Standards

| | |
|---|---|
| SmartLogging standard used in audit: | SmartLogging Generic Certification Standard, Version 6, SL-02 SmartLogging Group Certification Standard, Version 1, SL-03 |
| Revisions to the standard since the last audit: | <input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below) |
| Changes in standard: | None |
| Implications for SLO: | Conformance to new requirements verified |

APPENDIX I: List of visited sites (confidential)

| Location | Logger | Site description / Audit Focus and Rationale for selection |
|-----------------------------|--------|--|
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| Remote | XXXX | Interview regarding business, contracts, office related issues with regards to the standard. |
| 89 Podunk Rd, Candia, NH | XXXX | 50 acre marked timber sale in mixed wood stand on NH State Lands. Mechanized operation with feller buncher, grapple skidder and pull through delimeter. One pole crossing installed on main skid trail. Harvest is single tree selection and small group opening. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| North Road, | XXXX | 150 acre marked timber sale in mixed wood |

| | | |
|---|------|--|
| Barnstead, NH | XXXX | stand, heavy to white pine. Mechanized operation with feller buncher and 2 grapple skidders. Harvest is single tree selection and patch cuts. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| 287 Maple Ridge Rd, Sandwich, NH | XXXX | 35 acre marked thinning in northern hardwood stand. Cut-to-length operation with processor and forwarder. Harvest is single tree selection. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| 226 Bennett Street, North Sandwich, NH | XXXX | 247 acre prescription cut in mixed wood and northern hardwood standards. Improvement cut focusing on removing mature and low-quality stems via patch cuts with thinning between patches. Boundaries, small stream and bog were flagged out and one panel crossing installed. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| York Pond Rd., Milan, NH | XXXX | 150 marked thinning in Norway spruce stand on National Forest. Mechanized operation with feller buncher and grapple skidders. Harvest areas was accessed from multiple landings over two winters. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| 445 Schoolhouse Road West Burke VT | XXXX | 35 acre prescription harvest in mixed wood stand, implementing patch clear cuts and areas of overstory removal. Harvest plan prepared by forester. Mechanized operation with feller buncher and grapple skidders. One pole crossing on main trail, had been pulled and look good. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
| 151 Ordway Rd, Roxbury, VT | XXXX | 50 acre marked single tree selection harvest in northern hardwood stand. Area was logged with horses down to old town road and then forwarded with farm tractor in summer 2020. Site visit focused on BMPs and residual stand damage. |
| 288 McNall Rd Fairfax, VT | XXXX | 150 acre marked single tree and group selection harvest in predominately northern hardwood |

| | | |
|--|--|---|
| | | standard. Only about 10 acres harvested at time of site visit. One pole crossing installed. Sole operator, mechanized operation with feller buncher and grapple skidder. Site visit focused on BMPs, residual stand damage, utilization, implementation of harvest plan and following layout. |
|--|--|---|

APPENDIX II: List of stakeholders consulted (confidential)

List of SLO Staff Consulted

| Name [Last, First] | Title [Affiliation, if any] | Contact [preferably email or phone, if available; otherwise address] | Type of Participation [Notification, interview, and/or public meeting] |
|------------------------------|---|--|--|
| Wright, Ted | Executive Director TCNEF Group Manager | executivedirector@tcnef.org 207-688-8195 | Interview |

List of Other Stakeholders Consulted

This confidential list is kept on file by Preferred by Nature.

APPENDIX III: SmartLogging standard conformance (confidential)

The table below demonstrates conformance or non-conformance with the SmartLogging standard. The Preferred by Nature Task Manager should provide guidance on which sections of the standard should be evaluated in a particular audit. Preferred by Nature may evaluate only a subset of the standard in any one particular audit provided that the SLO is evaluated against the entire standard by the end of the certificate duration. Findings of conformance or nonconformance at the criterion level will be documented in the following table with a reference to an applicable NCR or OBS. The nonconformance and NCR is also summarized in an NCR table in Section 2.4. All non-conformances identified are described on the level on criterion though reference to the specific indicator shall be noted. Criteria not evaluated are identified with a NE.

| P & C | Conformance: Yes/No/ NE | Findings | NCR OBS (#) |
|---|-------------------------------|---|-------------------|
| Subject Area 1: Legal Requirements | | | |
| 1.1 | NE | | |
| 1.2 | Yes | <p>1.2.1 Auditor verified through interview that group members are aware of and follow BMPs. BMPs are monitored by foresters overseeing the harvest as well as state forestry personnel. None of the loggers interviewed had received negative reports from the states in which they operate. No issues related to BMP implementation or any legal requirements were identified during site visits.</p> <p>1.2.2 Auditor verified through interview and document review that all loggers are aware of OSHA requirements and regularly update First Aid and CPR certifications. This was also verified onsite. No unsafe working practices were observed and there was a least one person onsite with current first aid and CPR certification.</p> <p>1.2.3 Licenses are not required for the group members who are a part of this audit. However, each has voluntarily completed and maintain SFI logger training programs, as well as training needed to conform with SmartLogging standard requirements.</p> <p>1.2.4 Interviews regarding equipment and maintenance indicated that all regularly maintain their equipment. Logging equipment observed onsite appeared safe with intact windows, compartment cages and fire extinguishers/suppression systems.</p> <p>1.2.5 Interviews regarding trucks, for group members who also have trucking as part of their business, indicated that trucks are regularly maintained and meeting legal requirements for operation in the states where the group members work.</p> <p>1.2.6 Auditor confirmed through interview and document review that group members maintain insurance including General Liability, Workers Compensation, and Automotive Liability for their businesses.</p> | |

| | | | |
|--|-----|--|--|
| | | 1.2.7 Auditor confirmed through interviews and document reviews that group members collect and dispose of petroleum products during maintenance according to state laws. In addition, each indicated that spill kits were available on-site and that all employees are trained in their use. No issues were identified during site visits related to improper fuel storage. Each active operation visited had at least one spill kit onsite and contractors were aware of state reporting requirements for hazardous spills. | |
| 1.3 | NE | | |
| Subject Area 2: Harvest Planning and Monitoring | | | |
| 2.1 | NE | | |
| 2.2 | NE | | |
| 2.3 | NE | | |
| 2.4 | NE | | |
| Subject Area 3: Harvesting Practices | | | |
| 3.1 | Yes | <p>3.1.1 BMPs were being consistently implemented for all active operations visited during the audit. No issues were identified.</p> <p>3.1.2 Interviews and document reviews demonstrated that all group members and key personnel are trained in BMPs for the states in which they work.</p> <p>3.1.3 Contractors confirmed that manuals are available to employees. For both VT and NH AMP/BMP manuals are available for download from state agency websites.</p> | |
| 3.2 | Yes | <p>3.2.1 Field audit took place during wintertime frozen ground conditions. Sensitive areas such as wet areas, streams, bogs were marked out on the ground with flagging and there was no evidence that equipment was going into these areas. 4 of the 8 sites were clearly wet areas so winter harvesting was appropriate.</p> <p>3.2.2 & 3 In all cases harvesting equipment was appropriate to the site and silviculture. All active operations were mechanized and well implemented with grapple skidders or processor placing tops in trails to avoid rutting.</p> | |
| 3.3 | Yes | <p>3.3.1 Six of the eight sites were marked by foresters. For all 6, paint was being followed and there was no evidence that unmarked trees were being cut. For the two areas being harvested on prescription, the harvest plan/prescription was being followed.</p> <p>3.3.2 In all cases there was minimal damage to residual trees and regeneration. Feller bunchers were observed to layout hitches to minimize damage and there was good implementation of bumper stumps and trees on corners. Most operations were whole tree skidding, but tops were brought back, and large coarse woody debris was retained.</p> <p>3.3.3 Only one completed site was visited, and it was under snow cover so the auditor could not observe water bars. On one job, two pole crossings had been pulled and brush was pulled back and the channel was clear.</p> | |

| | | | |
|-----|-----|--|--|
| 3.4 | Yes | 3.4.1, 2. & 3: Sensitive areas such as wet areas, streams, and bogs were marked out on the ground with flagging and there was no evidence that equipment was going into these areas. Water crossings were inspected on 5 of the 8 operations visited. All but one of the crossings were pole crossings; the other crossing used bridge panels. All were functioning well or had been properly removed. One location had an old cellar hole marked with flagging that the crew avoided and left intact. | |
| 3.5 | Yes | 3.5.1 – 9 No issues were identified with the requirements detailed in the 9 indicators of this criterion. All operations were being carried out on frozen snow-covered ground. In all cases landings were located just off public roads, so requirements related to road construction and maintenance are not applicable. Landings were well laid out and sized appropriately for the scale of operation and number of sorts. Overall skid trails were well spaced and laid out considering terrain and slope. No long steep stretches were observed. Tops were used to firm up wet spots in trails and all trails were frozen in at the time of the audit. Close out activities could not be observed as the only complete operation visited was under two feet of snow. Based on interviews with contractors, standard conservation mix (non-invasive) is used for exposed soil as needed. | |
| 3.6 | Yes | 3.6.1 – 4: No issues were identified with the requirements detailed in the indicators of this criterion. Overall skid trail design and implementation was appropriate for the terrain and minimized site impacts. Auditor confirmed that either existing trails were used, or main trails were flagged in advance. Audit took place during frozen conditions, so no rutting was observed. For all active sites visited, tops were being used in trails to freeze in wet spots. Steam crossings were minimized and installed at right angles to minimize impacts in sensitive areas and buffer zones. | |
| 3.7 | Yes | 3.7.1 – 6 No issues were identified for the requirements detailed in the indicators of this criterion. Five of the eight harvest sites visited had water crossings installed. The number of crossings were minimized. In total six pole crossings and one panel bridge crossing were inspected. Crossing locations were well-selected with narrow channels and firm banks and installed at right angles to streams. Stream bank integrity was maintained for the three pole crossings that were removed at the time of audit. | |
| 3.8 | Yes | 3.8.1 – 4 Based on interviews with the loggers, there have been no reportable spills during the audit period. They did indicate that they were aware of reporting procedures. Spill kits were observed at all active operations, and fuel and petroleum products were stored in vehicles or equipment trails/fuel tanks on site. No leaks were observed from machinery and equipment appeared well maintained and in good working condition. | |
| 3.9 | Yes | 3.9.1 – 6 No issues were identified for the requirements detailed in the indicators of this criterion. All harvests were under the supervision of a professional forester. None of the harvest areas had known occurrences of RT&E species within or near them based on interviews with loggers. No special considerations were noted in harvest plans. Retention of snags and wildlife trees was observed | |

| | | | |
|---|-----|---|--------------|
| | | on all harvest sites visited. | |
| Subject Area 4: Community Values | | | |
| 4.1 | NE | | |
| Subject Area 5: Occupational Health and Safety | | | |
| 5.1 | NE | | |
| 5.2 | NE | | |
| Subject Area 6: Business Viability | | | |
| 6.1 | No | <p>6.1.1 None of the group members interviewed had a current written business plan. However, it was obvious during the interviews that each had detailed knowledge of their businesses and had adapted to rapidly changing circumstances, (losses or changes to markets, changes to laws and regulations, changes to work forces, etc.) to ensure survival. Furthermore, most group members have a formal business structure, LLC, LLP, or Corporation, this requires an intimate understanding of their operations. While a technical nonconformity, given the nature of logging businesses in changing markets, their demonstrated adaptability outstrips the utility of a written plan. Nevertheless, a written plan is a requirement under this indicator. See minor NCR 01/21.</p> <p>6.1.2 Each of the group members interviewed used the services of professional accountants and insurance professionals to assist with their businesses.</p> <p>6.1.3 The auditor verified through interviews and document review that all sampled group members maintained detailed business records and had intimate knowledge of their costs on a per unit basis.</p> <p>6.1.4 Based on interviews alone, group members keep fairly new equipment and maintain it to ensure operability. All equipment seen during site visits appeared well maintained with no visible leaks.</p> | NCR 01/21 |
| 6.2 | Yes | <p>Each of the group members interviewed who had employees, offered generous employment packages including health insurance, retirement, WC, vacation time and holidays. Some of these benefits are rare in the logging industry. As confirmed through interviews with workers onsite, there is a high level of satisfaction with working conditions and compensation for the contractors that had employees.</p> <p>6.2.1 Interviews confirmed that many group members had long-term employees who started out as hands and worked their way up to positions with more authority.</p> <p>6.2.2 Interviews and documents confirmed that employees are trained for their positions and are included in the professional logger training programs in their states.</p> | |
| 6.3 | Yes | <p>Based on interviews and documents reviewed, group members maximize utilization on every job and transport or arrange to transport the material to the mills as soon as is practical.</p> <p>All jobs visited had numerous sorts on the landings, including</p> | |

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| | | numerous low-grade sorts (chip wood, round pulp, firewood). It was clear that contractors are maximizing utilization within market constraints. | |
| 6.4 | NE | | |
| Subject Area 7: Continuous Improvement and Innovation | | | |
| 7.1 | NE | | |
| Subject Area 8: Silviculture and Reforestation | | | |
| 8.1 | Yes | <p>Subject area 8 was not applicable for onsite portion of audit as all harvest areas visited were either marked sales or done in accordance with written management prescriptions and supervised by professional foresters.</p> <p>The majority of group members are harvesting contractors and do not engage in forest management or regeneration activities.</p> <p>Two group members interviewed also provide forestry services through the use of licensed foresters on staff. In these cases, all silvicultural prescriptions are followed and when indicated, reforestation takes place according to schedules developed by the forester on staff. These companies provide all forestry services for their clients.</p> | |
| 8.2 | Yes | During the interviews with the two group members who provide forestry services, it was confirmed that prescriptions are developed based on the long-term health of the stands. The majority of harvests are intermediate stand treatments or small group selections which enhance future stand characteristics. | |
| 8.3 | Yes | <p>Interviews confirmed that the goal for management is to improve the existing stands.</p> <p>No high grading was observed during field visits. All residual standards had high percentage of AGS of desirable species and minimal residual damage.</p> | |
| 8.4 | Yes | Based on interviews with the group members who engage in forest management activities, they use natural regeneration methods when developing forest management plans. | |

APPENDIX IV: Chain of Custody Conformance (confidential)

2.5: Documentation is used and retained for monitoring the movement of forest products from forest of origin to destination.

Definition of Forest Gate: The forest gate is determined by contract type. For group members who purchase timber deeds or cut on shares, the forest gate is the mill scale. For group members who cut and haul for a mill, the forest gate is the landing.

| Chain of Custody Criteria | Conform | Explanatory notes/ NCR or OBS |
|---|--|---|
| 2.5.1: A trip ticket, load receipt or other transportation document accompanies each load of forest products (e.g., logs, chips, biomass) delivered to the purchaser. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | Interviews with group members confirm that load tickets are used for each load of wood. Trip tickets were inspected on Western Maine Timberlands and HB Logging LLC landings. |
| 2.5.2: Trip tickets, load receipts or other documentation mentioned above contain the harvester's SmartLogging certification code and Subcode (if applicable) number. | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | No TCNEF SL group members are currently using the SmartLogging Certification code on trip tickets or other documentation. No mills are currently requesting the claim. |
| 2.5.3: A summary of forest products, which includes at a minimum, delivery dates, destinations, volumes, and species is provided to the SmartLogging auditor during the annual audit. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | CoC is verified at the member level, not the group manager level. Group members are able to provide this information upon request and therefore there is conformance to this requirement. |
| 2.5.4: All records are kept for at least five years. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The GM outlines the recordkeeping requirements for SL on the group members agreement. The GM confirmed that all SL group records are kept for 5 years. Interviews with group members confirmed that their records are kept for a minimum of 5 years, as well. |

APPENDIX V: Group management conformance checklist (confidential)

| Group Certification Requirements | Conform | Comments/NCRs |
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| GC 1.1: The group manager is an independent legal entity or an individual acting as a legal entity. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The group manager is an independent 501c.3 non-profit organization created for the purpose of overseeing programs such as SmartLogging Certification. |
| GC 1.2: The group manager's responsibilities with respect to managing the administrative and oversight of the group members shall be clearly defined and documented. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The group manager has sufficient legal and management authority and the resources to implement their responsibilities based on group policies and Bylaws that specifically confer legal and administrative authority for managing the SmartLogging Group. |
| GC 1.3: The group manager shall be contractually responsible to Preferred by Nature for ensuring that all the requirements of certification are fully implemented for all members within the scope of the group certification. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The group manager contracts with Preferred by Nature and is the responsible party for ensuring conformance with the SmartLogging, Group Management, and CoC standards. |
| GC 1.4: The group manager shall be responsible for ensuring that any corrective action requests (NCRs) issued by Preferred by Nature as a result of the assessment, and any NCRs issued by Preferred by Nature as a result of an audit, are fully implemented. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The group manager is the one responsible for ensuring that any NCR issued by Preferred by Nature is corrected and is responsible for collecting evidence of correction and providing that evidence to Preferred by Nature. |
| GC 1.5: The group manager shall have the authority to remove group members from the scope of the group certificate if the requirements of group membership, or any corrective actions issued by Preferred by Nature, are not complied with. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | Procedures for removal from the group are outlined in member agreement and bylaws. |
| GC 1.6: The group manager has sufficient legal and management authority and technical and human resources (e.g., qualified staff, equipment.) to implement their responsibilities | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The auditor found the group manager has sufficient legal and management authority and the resources to implement their responsibilities. |
| GC 2.1: The group manager shall document and implement clear rules regarding eligibility for membership of the group certificate. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The responsibilities of membership are clearly defined in the Code of Ethics Consent form signed by each group member. |
| GC 2.2: The group members' management responsibilities for conforming to group manager policies and the SmartLogging standard shall be clearly defined and documented. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | These responsibilities are outlined in the Northeast Master Logger Readiness Packet that each member receives. |
| GC 2.3: Group members shall be the legal owners of the harvesting companies in the group. | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | The auditor confirmed that each group member is the legal owner of the companies in this SL group. |

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| <p>GC 2.4: If new members are permitted to join the certified group after a certificate has been awarded, the group manager shall have clear, documented procedures for this.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>These procedures are included in the Northeast Master Logger Readiness Packet and "More About the Trust to Conserve Northeast Forestlands SmartLogging Certificate". TCNEF has an independent board that oversees admission and suspension.</p> |
| <p>GC 2.5: The requirements of the applicable SmartLogging Standard apply to every harvesting company in the group individually. Responsibilities for meeting every criterion may not be 'traded' between different harvesters, e.g., with one company meeting all criteria whilst another does not meet any.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>All requirements for inclusion in the group are met by all group members.</p> |
| <p>GC 3.1: The group manager shall provide each group member with documentation, or access to documentation, specifying the relevant terms and conditions of group membership. The documentation shall include:</p> <ul style="list-style-type: none"> i. Access to a copy of the SmartLogging Standard to which the group is committed; ii. Explanation of certification process; iii. Explanation of Preferred by Nature's rights to access to the group members for the purposes of evaluation and monitoring; iv. Explanation of Preferred by Nature's requirements with respect to making public claims or providing public information about the SmartLogging certification; v. Explanation of any obligations with respect to group membership, such as: <ul style="list-style-type: none"> a. maintenance of information for monitoring purposes; b. use of systems for tracking and tracing of forest products; c. requirement to conform with corrective action requests issued by Preferred by Nature; d. any special requirements related to making public claims or business-to-business claims about forest products from lands harvested by members covered by the certificate; e. other obligations of group membership; and vi. Explanation of any costs associated with group membership | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>Documents provided to group members include all information within this criterion:</p> <ol style="list-style-type: none"> 1. Northeast Master Logger Readiness Packet 2. More About TCNEF SL Certificate 3. Code of Ethics Consent Form |
| <p>i. GC 3.2: A 'consent form' or its equivalent shall be signed by each</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> | <p>Each group member has signed a Code of Ethics Consent form which explains their responsibilities as</p> |

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| <p>group member who voluntarily wishes to join the certification scheme. The consent form: acknowledges and agrees to the obligations and responsibilities of group membership;</p> <p>ii. agrees to membership of the scheme for the full period of validity of the group certificate; and</p> <p>iii. authorizes the group entity to apply for certification on the member's behalf.</p> | <p>N/A <input type="checkbox"/></p> | <p>members of this group.</p> |
| <p>GC 4.1: The group manager shall be responsible for maintaining the following records up to date at all times:</p> <p>i. List of names and addresses of group members, together with date of entry into group certification scheme;</p> <p>ii. Evidence of consent of all group members, preferably in the form of a signed 'consent form'</p> <p>iii. Records demonstrating the implementation of any internal control or monitoring systems. Such records shall include records of internal inspections, non-compliance identified in such inspections, actions taken to correct any such non-compliance</p> <p>iv. An annual summary of production, sales, and forest product purchasers of all members; and</p> <p>v. The date of leaving of any group members, and an explanation of the reason why the member left the group.</p> <p>vi. Promotional/product claims and/or uses of the Rainforest Alliance logo in promoting participation in the SmartLogging certification program. Approval from Preferred by Nature for all uses and claims by the group manager and the group members.</p> | <p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>N/A <input type="checkbox"/></p> | <p>The group manager, provided records for each member audited and has clear policies for:</p> <p>i Maintaining an accurate and current list of all group members.</p> <p>ii Maintaining all consent forms.</p> <p>iii Maintaining records of Master Logger interviews, audit findings, and recertification results and corrective actions.</p> <p>iv See below</p> <p>v The entrance and exit of group members are determined by an external board. A copy of the board's decision is sent to TCNEF and is kept with the group member's, or ex-group members, file for the duration of the certification period.</p> <p>vi Promotion and products claims records.</p> <p>SL-03 Group requirement 4.1.viii (4.1.iv of this criterion) requires "Annual summary of production, sales, and forest products purchasers of all members." The annual survey compiled by TCNEF satisfies this indicator with the exception of forest products purchasers.</p> <p>The summary provided by TCNEF includes the group annual production and amount of product sold.</p> <p>The summary does not include a list of purchasers (mills) of the harvested volume. This is a nonconformance under Appendix V, 4.1.vi. Minor NCR 02/21.</p> |
| <p>GC 4.2: The same documentation shall be archived for at least 5 years.</p> | <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p> | <p>Auditor confirmed that group documents are maintained at least 5 years.</p> |
| <p>GC 4.3: If a group member joins or leaves either the group or the group certification scheme, the group manager shall inform the certification body within one month.</p> | <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p> | <p>Auditor confirmed that the GM is aware of and follows this criterion.</p> |
| <p>GC 5.1: The group manager shall be fully responsible to Preferred by Nature for paying all the costs of evaluation and monitoring throughout the period of validity of the certificate. The group manager may divide these costs amongst group members as it deems appropriate.</p> | <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p> | <p>The auditor confirmed that the GM is fully responsible for paying all of the costs.</p> |

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| <p>GC 6.1: The group manager shall evaluate every applicant for membership of the group and ensure that they comply with all the requirements of the applicable SmartLogging Standard, and with any additional requirements for membership of the group, prior to being granted membership of the group.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>Each prospective member is audited by the GM prior to entry into the group. The results of the audit are forwarded to the Certification Board who makes the final determination on membership.</p> |
| <p>GC 7.1: Group manager has a policy and practice for monitoring harvest practices to ensure that they are meeting the SmartLogging standard and group membership requirement.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>The group manager has a clear policy for monitoring harvests of group members. Each member is audited prior to entry and is audited again for recertification after two years. For Master Loggers who have been certified for at least 2 years, TCNEF audit at least 25% of the group annually and renews certifications on a 4-year basis.</p> <p>In addition, members may be audited as a result of practices reported to the certification board by stakeholders. In some cases, these reviews have resulted in some Master Loggers having their certification revoked, which indicates that the internal auditing and control process is robust.</p> |
| <p>GC 7.2: The frequency of such internal monitoring shall reflect the level of activities such as felling, yarding, road building, or other harvesting activities being carried out by the group members.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>Each member is audited prior to entry and is audited again for recertification after two years. For Master Loggers who have been certified for at least 2 years, TCNEF audit at least 25% of the group annually and renews certifications on a 4-year basis.</p> |
| <p>GC 7.3: As a minimum requirement the group manager shall carry out a site evaluation for each member within the scope of the group certification at least once annually.</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> | <p>Each member is audited prior to entry and is audited again for recertification after two years. For Master Loggers who have been certified for at least 2 years, TCNEF audit at least 25% of the group annually and renews certifications on a 4-year basis.</p> |

APPENDIX VI: Certified Group Membership List

Total # members in the certified group: 116 – See Separate Excel Sheet for list of Group Members