

**Forest Management and Stump-to-Forest Gate Chain-of-Custody  
Certification Evaluation Report for the:**

**Conservation Forestry, LLC**

**Conducted under auspices of the SCS Forest Conservation Program  
SCS is an FSC Accredited Certification Body**

**CERTIFICATION REGISTRATION NUMBER  
SCS-FM/COC-00115G**

**Submitted to:**

**Conservation Forestry, LLC  
Certified Resource Manager Program  
Emory River Tract**

**Lead Auditor: Michael Thompson**

**Date of Field Audit: September 8 – 11, 2008**

**Date of Report: October 7, 2008  
Updated November, 2009 (See Section 6.1)**

**Certified: January 21<sup>st</sup>, 2009**

**By:**

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## **Organization of the Report**

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the SCS website ([www.scscertified.com](http://www.scscertified.com)) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of Conservation Forestry.

## **FOREWORD**

Scientific Certification Systems (SCS), a certification body accredited by the Forest Stewardship Council (FSC), was retained by Conservation Forestry, LLC, to conduct a certification evaluation of its Emory River Tract forest estate as the first property to be enrolled in its Certified Resource Manager Program group certification program. Under the FSC/SCS certification system, forest management operations meeting international standards of forest stewardship can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace.

In September 2008, an interdisciplinary team of natural resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a 3-day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted.

This report is issued in support of a recommendation to award FSC-endorsed certification to Conservation Forestry, LLC, for the management of its Emory River Tract forest estate. As detailed below, certain pre-conditions (also known as Major Corrective Action Requests) that were stipulated by the audit team upon completion of the field audit were addressed by Conservation Forestry, LLC, and cleared by SCS prior to finalization of this report. As detailed below, certain conditions (also known as Minor Corrective Action Requests) that were identified by the audit team upon completion of the field audit must be addressed in the designated timelines to maintain certification. In the event that a certificate is awarded, SCS will post this public summary of the report on its web site ([www.scscertified.com](http://www.scscertified.com)).

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## Section A- Public Summary and Background Information

### 1.0 GENERAL INFORMATION

#### 1.1 FSC Data Request

Applicant entity	Conservation Forestry, LLC
Contact person	Kent Gilges
Address	8 Center Street, 2 <sup>nd</sup> Floor (PO Box 570), Exeter, NH 03833-0570
Telephone	603-658-0145
Fax	
E-mail	kent.gilges@conservationforestry.net
Certificate Number	SCS-FM/COC-00115G
Certificate/Expiration Date	January 21 <sup>st</sup> , 2009 – January 21 <sup>st</sup> , 2014
Certificate Type	Group
SLIMF <i>if applicable</i>	n/a
Group Members <i>if applicable</i>	1
Number of FMU's <i>if applicable</i>	1
Number of FMUs in scope that are	
less than 100 ha in area	0
100 - 1000 ha in area	0
1000 - 10 000 ha in area	1
more than 10 000 ha in area	0
Location of certified forest area	
Latitude	36 ° 6' 22" N
Longitude	84 ° 34' 45" W
Forest zone	Temperate
Total forest area in scope of certificate which is included in FMUs that:	
are less than 100 ha in area	0 ac
are between 100 ha and 1000 ha in area	0 ac
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	0 ac
Total forest area in scope of certificate which is:	
privately managed <sup>1</sup>	20,099 ac (8,134 ha)
state managed	0 ac
community managed <sup>2</sup>	0 ac
Number of forest workers (including contractors) working in forest within scope of certificate	8
Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives	0 ac
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	0 ac

<sup>1</sup> The category of 'private management' includes state owned forests that are leased to private companies for management, e.g. through a concession system.

<sup>2</sup> A community managed forest management unit is one in which the management and use of the forest and tree resources is controlled by local communities.

Area of forest classified as 'high conservation value forest'	0 ac
List of high conservation values present <sup>3</sup>	n/a
Chemical pesticides used	None
Total area of production forest (i.e. forest from which timber may be harvested)	20,099 ac (8,134 ha)
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	0 ac
Area of production forest regenerated primarily by replanting <sup>4</sup>	0 ac
Area of production forest regenerated primarily by natural regeneration	20,099 ac (8,134 ha)
List of main commercial timber and non-timber species included in scope of certificate	Yellow poplar, red oak, chestnut oak, white oak, hickory
Approximate annual allowable cut (AAC) of commercial timber	2.654 mmbf/year
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	None
List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products (include basic description of product - e.g. round wood, pulp wood, sawn timber, kiln-dried sawn timber, chips, resin, non-timber forest products, etc.)	Round wood, pulp wood, tie logs.

## Conversion Table English Units to Metric Units

### Length Conversion Factors

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
mile (US Statute)	kilometer (km)	1.609347
foot (ft)	meter (m)	0.3048
yard (yd)	meter (m)	0.9144

### Area Conversion Factors

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
square foot (sq ft)	square meter (sq m)	0.09290304
acre (ac)	hectare (ha)	0.4047

### Volume Conversion Factors

#### Volume

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
cubic foot (cu ft)	cubic meter (cu m)	0.02831685
gallon (gal)	liter	4.546

1 acre	= 0.404686 hectares
1,000 acres	= 404.686 hectares
1 board foot	= 0.00348 cubic meters

<sup>3</sup> High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at [www.ProForest.net](http://www.ProForest.net)

<sup>4</sup> The area is the *total* area being regenerated primarily by planting, *not* the area which is replanted annually. NB this area may be different to the area defined as a 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF) or for other purposes.

1,000 board feet = 3.48 cubic meters  
1 cubic foot = 0.028317 cubic meters  
1,000 cubic feet = 28.317 cubic meters

Breast height = 1.4 meters, or 4 1/2 feet, above ground level

Although 1,000 board feet is theoretically equivalent to 2.36 cubic meters, this is true only when a board foot is actually a piece of wood with a volume 1/12 of cubic foot. The conversion given here, 3.48 cubic meters, is based on the cubic volume of a log 16 feet long and 15 inches in diameter inside bark at the small end.

## **1.2 Management Context**

As a forestry enterprise located in the State of Tennessee, management of the Emory River Tract and other Conservation Forestry, LLC, properties is subject to a host of local, state and federal regulations. The principal regulations of greatest relevance to forest managers are associated with the following statutes:

- Endangered Species Act
- Clean Water Act (Section 404 wetland protection)
- Occupational Safety and Health Act
- National Historic Preservation Act
- Archaeological and Historic Preservation Act
- Americans with Disabilities Act
- U.S. ratified treaties, including CITES

The State of Tennessee does not have requirements for logger or forester licensing, but there is a local logger certification program and well-established voluntary Best Management Practices (BMPs). The Tennessee Department of Conservation (TDEC) and the county forester have responsibilities for investigating complaints related to water quality.

The Emory River Tract is subject to a conservation easement that places detailed restrictions on the allowable land uses and outlines management obligations including annual reporting and communications with easement partners. The easement includes a requirement for Forest Stewardship Council (FSC) certification. Conservation Forestry has contracted with a local land management company, American Forest Management (AFM), for the forest management services on the Emory River Tract. American Forest Management has offices in Oak Ridge, Tennessee.

Conservation Forestry owns and manages additional properties in other states that were not included in this assessment. These properties may be enrolled in the group certificate in the future and the applicable regulations will be assessed as appropriate for determining compliance with the FSC standard.

### **1.2.1 Environmental Context**

The Emory River property consists of 20,099 acres (8,134 ha) in one largely contiguous tract in Morgan and Scott counties, Tennessee. Conservation Forestry (CF) of Exeter, New Hampshire, purchased the property in November 2007 as part of a transaction that involved

the State of Tennessee, The Nature Conservancy, and other private equity funds. Approximately 18,800 acres (7,608 ha) of the property is subject to a Conservation Easement that was granted by The Nature Conservancy prior to acquisition by CF. The purpose of the easement is to protect the State's land, water, geological, biological, cultural and scenic resources. Two existing Tennessee parks within the southern Cumberland Plateau were the focus for protection: the Frozen Head Natural Area and the Royal Blue Wildlife Management Area.

In addition, the land transaction resulted in lands being added to the state holdings for expansion of the public areas. There are also requirements for public access and recreation on the portion of the Emory River Tract that is under the conservation easement.

The Emory River property provides habitat for numerous game and non-game wildlife species including white-tailed deer, eastern wild turkey, squirrels, neo-tropical migratory and resident birds, and small mammals. Hunting and non-consumptive uses of wildlife are managed by the State of Tennessee as part of the conservation easement. No federally listed threatened or endangered species are known to occur on the property. Five federally listed species of mussels and one species of fish are known to occur in Morgan County.

The Emory River Tract is located in a predominantly rural area. Significant land ownership patterns include coal mining, agriculture and mineral extraction. Emory River is one of a few larger contiguous tracts in the area. Emory River is located in mountainous terrain and slopes are considered to be moderate to very steep. Boundaries are secure, well marked and monitored. The road gates are generally open to allow public access to the property except during times of active management when access to specific areas may be restricted.

### **1.2.2 Socioeconomic Context**

The economic region of the tract includes Morgan, Scott, Cumberland, Anderson, and Roane Counties of eastern Tennessee. The property is on the margin of the Knoxville/Oak Ridge Metropolitan Statistical Area. Knoxville (Pop. 687,249) is located forty miles east of the tract. The property is located at a natural crossroads in the ridge and valley section of the Appalachians. The Cumberland Mountains terminate to its west, permitting relatively easy access westward over the central Cumberland Plateau to the central valley of Tennessee and Nashville.

According to the CF market analysis, there are 10 pulpmills, 1 chip mill, 1 OSB plant, and 48 sawmill and plywood mills in eastern Tennessee. Emory River is one of a few larger contiguous tracts in the area and is valued locally for the recreational opportunities that it offers. CF has identified 1,216 acres that are not encumbered by the conservation easement. The unencumbered acres will be marketed as planned by CF at the appropriate time. The Emory River property contains several below ground mineral resources. The Fund owns the entire mineral estate with gas and oil being encumbered by an existing lease. The gas and oil resource is presently the only reserve producing income. The gas resource has been aggressively pursued in recent years through the Knox Energy Lease. Wildlife leases have some potential for future income on the unencumbered acreage.

## **1.3 Forest Management Enterprise**

### **1.3.1 Land Use**

In the early 1900s much of the tract was acquired by the Emory River Lumber Company to supply logs to the company's sawmill in Gobey and to allow access to timber and coal on adjacent properties. During the lumber company's ownership, the management strategy included heavy cutting with a limited focus on silviculture or timber management. In 1943, the main portion of the present tract was purchased from the lumber company by Ford-Faust-Cheely for coal production. In 1954, the owners decided to diversify their management objectives and implemented organized forest management to improve the property's timber conditions. To better ascertain the forest resource, a consulting forester was retained to prepare a management plan. One component of the plan was the establishment of a permanent Continuous Forest Inventory (CFI) system. Through a cooperative effort with the Tennessee Valley Authority, Division of Forestry, a CFI system comprised of fixed radius, one-fifth acre plots was established in a grid pattern. The CFI system has been in place since its original establishment, and re-measurements are made every ten years with the most recent occurring in 2004. The tract was purchased by the Heartwood Forestland Fund, L.P. (HFF) in 1997. Since 1997, HFF has managed the property to produce grade quality hardwood sawtimber. Conservation Forestry, LLC purchased the Emory River Tract in 2007.

### **1.3.2 Land Outside Scope of Certification**

Conservation Forestry, LLC, is an investment organization that owns approximately 125,000 acres in six states, including lands in Virginia, North Carolina, Pennsylvania, Wisconsin, Florida, and the Emory River Tract in Tennessee. Conservation Forestry has developed its Certified Resource Manager group certification program with the intention of expanding participation in the group to include additional properties they own. The Emory River Tract is the first property to be enrolled in the group certification program. Both the Emory River Tract and the land in Pennsylvania were FSC certified under the previous owners. The property in Wisconsin has begun the FSC certification process as a single Forest Management Unit (FMU) certificate because of the joint-ownership structure that is unique to that property. Conservation Forestry intends to expand certification to additional properties as management plans and practices are established at each site.

## **1.4 Management Plan**

### **1.4.1 Management Objectives**

A management plan has been prepared for the Emory River Tract and the Certified Resource Manager Program outlines the management planning requirements for group members. The management objectives identified in the management plan for the Emory River Tract include:

- Maintain a diffuse canopy cover by harvesting a high percentage of financially mature stems of commercial species;
- Release crowns of well formed stems with the potential for accelerated growth in both size and value by removal of stems through all diameter classes, grades, and species;
- Release of advanced regeneration of desirable species by small patch clearcuts;
- Provide for the desirable regeneration of areas where stocking is below full occupancy or would become so as a result of removals;
- Maintain adequate and appropriate wildlife habitat;
- Avoid the taking of any state threatened or endangered species;
- Avoid impairment of water quality flowing into the Emory River by any management activity; and
- Create no significant or enduring reduction of the scenic attractiveness of the property.

The plan states that the overall objective is *“To sustain (or recreate) the biological characteristics of the Cumberland Mountains, site type by site type, while earning an acceptable return for our investors.”* The plan also states that CF has the goal of managing the Emory River Property in accordance with the Forest Stewardship Council Principles and Criteria.

#### **1.4.2 Forest Composition**

The Emory River property is dominated by hardwood (yellow poplar, chestnut oak, red oak, white oak, and hickory) and the forest has an imbalance between small sawtimber (17%) and large sawtimber (83%).

CF has established a re-inventory plan where every compartment will be re-inventoried at least every five years (20% per year). A Continuous Forest Inventory (CFI) system of 1/5-acre plots on a 3,000-foot grid was established in 1954. Re-measurements occurred every 10 years with the latest occurring in 2004. It is anticipated that CF will re-measure the CFI plots in 2014.

CF has defined three primary forest type zones on the property and the management objectives and limitations for each, including Mesic and Sub-Mesic types, Intermediates types, and Xeric and Sub-Xeric.

#### **1.4.3 Silvicultural Systems**

Emory River is stocked primarily with mature, quality hardwoods showing good growth and vigor. Some areas of loblolly pine exist where planting occurred in old fields and pastures of the original tract. Within the past +/- 25 years, white pine has also been planted on several of the old strip pits. The harvest plans for Conservation Forestry focus on capturing the values in the financially mature component while releasing the residual stand to add value and improve growth rates. In a majority of harvest areas, a residual stocking of approximately 2,000 bf/ac, with basal areas of 60-85 square feet, will be retained. These treatments will

help meet the goal of improving the distribution of size classes and encouraging in-growth from small to large sawtimber. It is anticipated that over time the harvest strategy will include more patch clearcutting and release of regeneration created by harvests during the previous ownership. CF has developed general guidelines for silvicultural treatments in each forest type including lists of acceptable growing stock species, streamside management zone constraints, required Best Management Practices (BMPs), target diameters, basal area and stocking guides and tree selection criteria. The land managers also have marking guidelines and trees to be harvested are marked with a complete tally prepared as part of the harvest planning.

#### 1.4.4 Management Systems

The Emory River property is divided into 8 compartments. Natural features including ridge tops, streams, and valleys define compartment lines as well as roads and property boundaries. Management considerations were used to determine the size of each compartment.

#### 1.4.5 Monitoring System

The group certification program requires on-site managers to monitor active harvest operations on a weekly basis. Inspections by the CF manager are documented on inspection forms. Other reports may be collected depending on the nature of the timber sale contract. Such reports could include mill tally sheets and pulpwood scale tickets, either showing footage or tonnage of product delivered to a mill. The terms of the conservation easement on the property require CF to present an annual plan that includes all planned harvests for the upcoming year. The harvest planning information must include maps, type of harvest(s) planned, regeneration targets, road building requirements and all related activities to the sale. Other management activities such as road construction, maintenance and improvements are included in the annual plan. An annual meeting is held for the parties to the conservation easement to go over the plan and to review the previous year's activities. Variances to annual plans are discussed as needed in the annual meeting.

#### 1.4.6 Estimate of Maximum Sustainable Yield

The table below shows recent calculations for volumes per acre and growth.

Approximate Volume per Acre (board feet, International)

	<b>Softwood</b>	<b>Hardwood</b>	<b>Total</b>
CFI 1984	1825	7898	9723
Removals	(54)	(285)	(339)
CFI 1994	2925	11,904	14,829
Growth/Ac/Yr	115	429	544
Growth Rate	5.0%	4.4%	4.8%

The previous owner also did some core analysis and came up with growth rates of 3.9% for softwood and 3.6% for hardwoods. Therefore, to calculate an approximate Annual

Allowable Cut (AAC), an aggregate growth rate of 3.6% per year was assumed for both soft and hardwoods. This conservative approach was taken to account for an anticipated decline in growth and an increase in mortality expected of an aging forest.

The 1994-2004 CFI re-measurement showed a growth of 86 mmbf on a starting hardwood volume of 223 mmbf. This calculates to roughly 3.8% annual growth on the hardwood sawtimber resource. The pine mortality during the 1994-2004 period, and the very limited existing resource, prohibits including any growth on that resource in the calculations of the AAC.

Calculation of Annual Allowable Cut:

The CFI studies over the past twenty years show an average of around 4% annual growth. The most recent measurement in 2004 showed a decline from the previous ten-year period. It can be assumed that this decline perhaps shows the trend of an aging forest. However, recent thinnings were concentrated during the 2001-2007 timeframe. Release and increased growth on residual crop trees should stop the declining trend over the next ten years and this increase was probably not captured in the 2004 measurement due to timing. To take a conservative approach on the AAC the land managers have decided to use 3.5% annual growth.

The property includes a total (gross) area of 20,099 acres. Both the CFI and acquisition inventory use gross acreage and no adjustments are needed for nonproductive areas because they represent only a small percentage of the property.

$$20,099\text{acres} * 3,773\text{bdft/acre} * 0.035\text{growth rate} = 2.654 \text{ mmbf/year}$$

CF plans to use the 2.654 mmbf AAC over a ten-year period.

**1.4.7 Estimated, Current and Projected Production**

<b>Estimated</b>	
<b>Year</b>	<b>Harvest Volume</b>
2008	2.6 mmbf
2009	2.6 mmbf
2010	2.6 mmbf
2011	2.6 mmbf
2012	2.6 mmbf

Modifications to the harvest schedule will be made as necessary to meet management objectives and as new compartments are inventoried and data is incorporated. Conservation Forestry took ownership of the Emory River Tract in late 2007, and the data available to-date for the first year of ownership indicates that it is likely that the total first year cut will be below the estimated annual allowable cut.

#### **1.4.8 Chemical Pesticide Use**

The forest management at the Emory River Tract does not include the use of any chemical pesticides.

### **2.0 GUIDELINES/STANDARDS EMPLOYED**

The Emory River property is located in eastern Tennessee, and the certification evaluation was conducted against the duly-endorsed FSC Appalachian Regional Standard (Version 4.2, December 6, 2005). The standard is available at the FSC-US web site ([www.fscus.org](http://www.fscus.org)) or is available, upon request, from Scientific Certification Systems ([www.scscertified.com](http://www.scscertified.com)).

### **3.0 THE CERTIFICATION ASSESSMENT PROCESS**

#### **3.1 Assessment Dates**

The assessment of the Emory River Tract and the Certified Resource Manager program of Conservation Forestry, LLC, commenced with the public notification, information gathering, and document requests in August 2008. The field inspections were conducted from September 8 – 11<sup>th</sup>. Consultations with stakeholders were conducted before, during, and after the field inspections.

#### **3.2 Assessment Team**

*Michael Thompson* served as team leader for the assessment. Mr. Thompson is a Certified Wildlife Biologist and Professional Wetland Scientist with over 25 years of experience in wildlife research, wetland science, quantitative ecology, rare plant and animal management, forest management, and environmental permitting. He has a B.Sc. degree in wildlife from the University of Idaho and a M.Sc. degree in wildlife from the University of Maine. He was also a member of the FSC's Northeast Regional Standards Working Group. Over the last 10 years, Mr. Thompson has conducted FSC certification evaluations in Maine, Maryland, West Virginia, Pennsylvania, Connecticut, Idaho, Ontario, and New Brunswick.

*Kathryn Fernholz* led the stakeholder consultation for the assessment. Kathryn has worked on development and forest management issues in a range of roles. Since 2006 Kathryn has served as Executive Director of Dovetail Partners, Inc., a Minneapolis-based non-profit. Previously, while employed with a consulting firm, Kathryn was a member of the environmental department and assisted with natural resource inventories, reporting, and environmental impact assessments including the use of Geographic Information Systems (GIS). While working with the Community Forestry Resource Center, Kathryn managed a group certification project for family forests and worked to increase local capacity to provide forest management and marketing services that are compatible with certification standards. Kathryn has served as Chair of the Minnesota Chapter of the Society of American Foresters and filled an appointment to the Minnesota Forest Resources Council. Kathryn has a B.S. in Forest Resources from the University of Minnesota, College of Natural Resources and also studied at the College of Saint Benedict in St. Joseph, MN and Sheldon Jackson College in Sitka, Alaska.

### 3.3 Assessment Process

#### 3.3.1 Itinerary

The itinerary for the assessment included a conference call with Conservation Forestry on August 29<sup>th</sup> to request additional documents and discuss the materials that would be needed during the site visit. The site visits were conducted between September 8 -11, 2008.

##### *September 8*

- Audit team arrives in Oak Ridge, Tennessee and meets privately to review forest management documents and plan the week's agenda

##### *September 9*

- AM meeting at the offices of American Forest Management (AFM) for review of the Certified Resource Manager Program and harvest planning

Participants:

- Kent Gilges, Conservation Forestry, LLC
  - Scott Mooney, Conservation Forestry, LLC
  - Greg Bailey, American Forest Management, Inc.
  - Jake Almond, American Forest Management, Inc.
  - Rick Larkin, American Forest Management, Inc.
  - Neil Owens, American Forest Management, Inc.
  - Nathan Hamby, American Forest Management, Inc.
- PM – Continued meeting at AFM offices for review of the management planning documents, annual budget, and work plans.

##### *September 10*

Field Site Visits:

1. **Baby Town**, 25-acre, 2003 clearcut (operation completed with previous owner)
2. **Loop Road** (Stop 1), 278 acres of thinning operations with streamside management zone (SMZ) included in the treatment area (marked and sold)
3. **Loop Road** (Stop 2), 9-acre clearcut (marked and sold)
4. **Maiden Branch** (Stop 1), 15-acre thinning with visual considerations for trail user experiences on Bird Mountain (recently completed, operator on site)
5. **Maiden Branch** (Stop 2), 6-acre clearcut (active cutting, operator on site)
6. **Maiden Branch** (Stop 3), 107-acre thinning (recently completed, road closed)
7. **Stream Crossing**, ford-style crossing
8. **Natural Gas Well Site**
9. **Flat Rock Branch**, 150-acre thinning (active cutting, operator on site)

- Participants:
  - Kent Gilges, Conservation Forestry, LLC.
  - Scott Mooney, Conservation Forestry, LLC.
  - Greg Bailey, American Forest Management, Inc.
  - Jake Almond, American Forest Management, Inc.
  - Rick Larkin, American Forest Management, Inc.
  - Neil Owens, American Forest Management, Inc.
  - Nathan Hamby, American Forest Management, Inc.
  - Roger Russell, Contractor
  - David Lacky, Contractor

### *September 11*

- AM audit team meeting to evaluate compliance with the standards
- 10 am – Close out meeting with AFM and CF

### **3.3.2 Evaluation of Management System**

The evaluation included stakeholder consultation before, during and after the field visits. The evaluation also included a review of documents associated with the forest management practices, including the conservation easement, management plan, harvest planning documents, group certification manual, site review forms, contracts, and property maps. The field visits included recently closed and currently active harvest sites as well as stands marked for future cutting.

### **3.3.3 Selection of FMU's to Evaluate**

The forest management operation undergoing certification consists of a single Forest Management Unit.

### **3.3.4 Sites Visited**

The sites selected for the field visits included harvests completed during the previous ownership, stands that have been marked and sold but not cut, and harvest sites that are currently active. Additional stops were made to review specific operations related to road construction, road closure, water bar installation, culvert installation, stream crossings, and oil and natural gas leases.

- **Baby Town**, 25-acre, 2003 clearcut (completed with previous owner)
- **Loop Road**, 278 acres of thinning operations with streamside management zone (SMZ) (marked and sold)
- **Loop Road – Stop 2**, 9-acre clearcut (marked and sold)
- **Maiden Branch**, 15-acre thinning with visual considerations for trail user experiences on Bird Mountain (recently completed, operator on site)
- **Maiden Branch, Stop 2**, 6-acre clearcut (active cutting, operator on site)

- **Maiden Branch, Stop 3**, 107-acre thinning (recently completed, road closed)
- **Stream Crossing**, ford style crossing
- **Natural Gas Well Site**
- **Flat Rock Branch**, 150-acre thinning (active cutting, operator on site)

### 3.3.5 Stakeholder Consultation

Pursuant to SCS protocols, consultations with key stakeholders were an integral component of the evaluation process. Consultation took place prior to, concurrent with, and following the field evaluation. The following were distinct purposes to the consultations:

- To solicit input from affected parties as to the strengths and weaknesses of Conservation Forestry’s management, relative to the standard, and the nature of the interaction between the company and the surrounding communities; and
- To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests.

Principal stakeholder groups of relevance to this evaluation were identified based upon lists of stakeholders from Conservation Forestry, LLC, and additional stakeholder contacts from other sources (e.g., members of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders:

- Conservation Forestry, LLC, employees and contractors, including American Forest Management (AFM);
- Lease holders;
- Adjacent property owners;
- Pertinent Tribal members and or representatives;
- Members of the Regional FSC Working Group/National Initiative;
- FSC International;
- Local and regionally-based environmental organizations and conservationists;
- Local and regionally-based social interest organizations;
- Forest industry groups and organizations;
- Purchasers of logs harvested on Conservation Forestry, LLC, forestlands;
- Local, State, and Federal regulatory agency personnel;
- User groups, such as hikers, hunters, ATV users, and others; and
- Other relevant groups.

Prior to, during, and following the site evaluation, a wide range of stakeholders were consulted in regard to their relationship with Conservation Forestry, LLC, and their views on the management of the Emory River Tract. Stakeholders included FSC contact persons, government and non-government organizations involved in forest management, local citizens and groups, employees, contractors, and others. Stakeholders were contacted with a notification mailing soliciting comments that was distributed via email as well as a hard copy mailing. Phone contacts were also made. At least 100 stakeholders representing diverse environmental, social and economic interests were contacted during the process and invited to provide comments. Comments were received via meetings and personal interviews “face-

to-face”, phone interviews (“Interview”), and through written responses. Individuals were asked to provide permission to be listed in the report and additional comments may have been received from individuals not wishing to reveal their identities.

Name	Affiliation	Consultation
Bob Baker	Water Quality Forester, State of Tennessee	Written/Interview
Phil Davis	Board of Commissioners	Interview
Richard Evans	Univ. of Tenn. – Forestry Experiment Station	Interview
Sandra Goss	Tennessee Citizens for Wilderness Planning	Interview
John Gregory	Chief of Real Estate and Forestry Division, Tenn. Wildlife Resources	Interview
Gina Hancock	The Nature Conservancy	Interview
Dave Keys	County Forestry Association	Interview
Mike Monroe	Water Utility District	Interview
Reggie Reeves	Tenn. Dept. of Envir. & Conservation	Written
Martin Schubert	Univ. of Tenn. – Forestry Experiment Station	Interview
Clyde (Ed) Smith, Jr.	Area Forester for Morgan and Roane County	Interview

### 3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

The following tables provide a summary of the comments received from stakeholders related to the standards as well as major perspectives and concerns.

#### Economic Concerns

Comment/Concern	Response
<ul style="list-style-type: none"> <li>Local concern about keeping working forests in the area and bidding opportunities for local mills.</li> </ul>	The easement on the property allows for active forest management and the bidding processes were reviewed.
<ul style="list-style-type: none"> <li>They have more oil and gas wells than other ownerships.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>Oil and gas development conflicts with forestry practices.</li> </ul>	The audit team reviewed the oil and

	gas developments in the field to evaluate the level of impact and found it to be acceptable.
<ul style="list-style-type: none"> <li>Oil and gas development provides economic benefits.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>10-year TIMO style management planning doesn't fit with FSC certification and a long-term land conservation ethic.</li> </ul>	The audit team believes the easement on the property helps address concerns about the future condition of the property.
<ul style="list-style-type: none"> <li>Lots of public money has been invested in the easement to support access and multiple use.</li> </ul>	Duly noted.

### Social Concerns

Comment/Concern	Response
<ul style="list-style-type: none"> <li>They interact with stakeholders on public access concerns and notify the public when areas need to be closed for management activities.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>Allowing public access is the biggest local issue.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>It is a change for the better with ownership change and better hunting access.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>The change in ownership has been seamless because of the continued use of the local land managers.</li> </ul>	Conservation Forestry's group certification program specifically states a preference for working with local land managers.

### Environmental Concerns

Comment/Concern	Response
<ul style="list-style-type: none"> <li>The Emory River watershed has been impacted by coal mining and poor forestry practices in the past.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>The easement was a big deal.</li> </ul>	The audit team agrees that the easement demonstrates a significant commitment to

	protecting the ecological integrity of the Emory River.
<ul style="list-style-type: none"> <li>• Have had complaints about water quality concerns on the property, but inspections have shown that BMPs are being followed and no corrections have been required.</li> </ul>	The audit team reviewed BMP practices including culvert installation, stream crossings, streamside management zones, and road construction and closure. No concerns were identified.
<ul style="list-style-type: none"> <li>• They have done a good job with monitoring loggers and harvesting operations.</li> </ul>	Duly noted.
<ul style="list-style-type: none"> <li>• Need stand conditioning and mid-story thinning for successful shelterwood management and regeneration.</li> </ul>	The audit team reviewed the cutting treatments and the regeneration will continue to be monitored.

### 3.4 Total Time Spent on audit

The audit included two days of preparation and three days of field work for each auditor for a total of 10 person-days spent on the evaluation, excluding travel time.

### 3.5 Process of Determining Conformance

FSC-accredited forest stewardship standards consist of a three-level hierarchy, principle, then the criteria that make up that principle, then the indicators that make up each criteria. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgement to assess each criterion and determine if it is in conformance. If the forest management operation is determined to be in non-conformance at the criterion level, then at least one of the indicators must be in major non-conformance.

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

### ***Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations***

*Major CARs/Preconditions:* Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

*Minor CARs:* These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

*Recommendations:* These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

## **4.0 RESULTS OF THE EVALUATION**

Table 4.1 below, contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (CAR) numbers related to each principle.

**Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C**

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/REC #s
<b>P1: FSC Commitment and Legal Compliance</b>	<ul style="list-style-type: none"> <li>▪ Conservation Forestry has made a documented commitment to adhere to the FSC Principles and Criteria.</li> <li>▪ Conservation Forestry and American Forest Management both have considerable expertise in ensuring adherence to laws and regulations related to forest management.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The ILO Code of Practice on Safety and Health in Forestry Work must be considered in forest harvest operations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAR 2008.1</b></li> </ul>
<b>P2: Tenure &amp; Use Rights &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>▪ The easement provides detailed guidelines for land use rights and allowable uses.</li> <li>▪ Conservation Forestry has clear ownership rights to the Emory River Tract.</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
<b>P3: Indigenous Peoples' Rights</b>	<ul style="list-style-type: none"> <li>▪ The Emory River Tract is not adjacent to or near any tribally-owned lands.</li> <li>▪ Consultation with regional experts indicate a low likelihood for pre-historic artifacts on the property.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tribal representatives, if any in the area, must be invited to identify sites of current or traditional significance within the property.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAR 2008.2</b></li> </ul>
<b>P4: Community Relations &amp; Workers' Rights</b>	<ul style="list-style-type: none"> <li>▪ Conservation Forestry has prioritized contracting with local land managers.</li> <li>▪ Employees and contractors indicate satisfaction with working conditions.</li> <li>▪ Worker health and safety are a priority for Conservation Forestry, American Forest Management, and local harvesting contractors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consulting with tribes on the identification of significant archaeological sites and sites of cultural, historical, or community significance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>PRE 2008.1, REC 2008.1</b></li> </ul>

<b>P5: Benefits from the Forest</b>	<ul style="list-style-type: none"> <li>▪ The easement provides recreational access for the local community.</li> <li>▪ Long-term CFI plots are used to monitor growth.</li> <li>▪ Annual allowable cut calculations are conservative and notably quantitative relative to properties of a similar size.</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
<b>P6: Environmental Impact</b>	<ul style="list-style-type: none"> <li>▪ The parcel was part of a comprehensive land conservation effort that included the State of Tennessee and The Nature Conservancy.</li> <li>▪ The most ecologically important portions of the overall forestlands that were the focus of the conservation effort were designated as ecological reserves and not included in the Emory River property.</li> <li>▪ Ecologists from the State of Tennessee and The Nature Conservancy assisted in identifying which parcels should become reserves and which should be subject to forest management.</li> <li>▪ A Conservation Easement governs forest management activities on the majority of the Emory River tract.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The land manager must develop a plan for completing the baseline report required by the Conservation Easement or another process for completing the necessary assessment and documentation of existing conditions must be developed.</li> <li>▪ Complete an investigation to determine if any perennial streams on the property are designated as high quality waters by the State or local listings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAR 2008.3, CAR 2008.5, REC 2008.2, REC 2008.3, REC 2008.4</b></li> </ul>

<b>P7: Management Plan</b>	<ul style="list-style-type: none"> <li>▪ The property has a long standing and well established Continuous Forest Inventory (CFI) system.</li> <li>▪ The management plan is notably comprehensive in comparison to plans for properties of a similar size.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A public summary (may be one or more documents) needs to be prepared to describe the rationale and process for determining the size and extent of representative samples, the primary elements of the management plan, an up-to-date monitoring summary, and management and protection policies for any HCV areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAR 2008.4, REC 2008.5</b></li> </ul>
<b>P8: Monitoring &amp; Assessment</b>	<ul style="list-style-type: none"> <li>▪ The easement on the property provides another level of oversight and monitoring for the property.</li> <li>▪ Twenty percent of the property is subjected to a forest inventory on an annual basis.</li> <li>▪ Long-term CFI plots are maintained and were recently re-measured (2004).</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>REC 2008.6</b></li> </ul>
<b>P9: Maintenance of High Conservation Value Forest</b>	<ul style="list-style-type: none"> <li>▪ As part of the Conservation Easement development process the property was scrutinized for areas of significant conservation value. The intent of the easement process was to include the areas of known significant conservation values in the lands that were transferred to the State.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Complete a survey for potential High Conservation Value Forests as described in Principle 9. The survey needs to detail and document the process of the HCVF assessment for the property.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>CAR 2008.6, REC 2008.7</b></li> </ul>

## 4.2 Preconditions

Preconditions are major corrective action requests placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open preconditions exist.

The following pre-conditions were placed on Conservation Forestry, LLC, during their initial evaluation. They have all been closed to the satisfaction of the audit team.

<b>Background/Justification:</b> The landowner and manager have consulted with the State of Tennessee and other experts to identify known historical and archaeological sites on the property. Consultations with tribal representatives, however, have not been completed.	
<b>PRE 2008.1</b>	The landowner and manager must provide evidence of consulting with tribes on the identification of significant archaeological sites and sites of cultural, historical, or community significance.
<b>Reference</b>	Indicator 4.4.e
<b>Status</b>	<b>CLOSED.</b> Following the audit, Conservation Forestry contacted a number of parties with expertise regarding Native Americans in the vicinity of the Emory River tract, including the Inter-Tribal Sacred Land Trust (ITSLT), which is based in Chattanooga, TN (see <a href="http://www.itslt.org">www.itslt.org</a> ). The ITSLT is a non-profit that is run by Native Americans that advocates for the protection of sites of cultural importance to Native Americans in the region. The ITSLT was not aware of any sites of importance to Native Americans on the Emory River tract, but they expressed a willingness to assist Conservation Forestry with increasing the awareness of foresters regarding the potential for undocumented sites that might be uncovered during forest management operations. The audit team concludes that Conservation Forestry is now in full compliance with Indicator 4.4.e.

## 5.0 CERTIFICATION DECISION

### 5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that Conservation Forestry, LLC, be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2. Conservation Forestry has demonstrated that their system of management is capable of ensuring that all of the requirements of the duly endorsed FSC Appalachian Regional Standard (Version 4.2, December 6, 2005) are met over the forest area covered by the scope of the evaluation. Conservation Forestry has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

## 5.2 Initial Corrective Action Requests

<b>Background/Justification:</b> The forest owner and manager have demonstrated an understanding of the importance of worker health and safety and have implemented safety procedures and requirements within their contracts. The forest owner and manager, however, have not specifically addressed the ILO Labor Conventions as required in the standard.	
<b>CAR 2008.1</b>	Complete a review of the ILO Labor Conventions and prepare a plan for ensuring compliance with the ILO Code of Practice on Safety and Health in Forestry Work.
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	FSC Indicator 1.3.b

<b>Background/Justification:</b> The forest owner and manager have begun the process of consulting with tribal representatives. To date the investigations have primarily focused on the potential for historic and archaeological sites. Additional investigation is needed to address any sites of current or traditional significance.	
<b>CAR 2008.2</b>	Complete and document the process of inviting tribal representatives, if any, to identify sites of current or traditional significance within the property.
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	FSC Indicator 3.3.a.

<b>Background/Justification:</b> The Conservation Easement requires the preparation of a baseline report for the property that has not yet been completed by the State. This report, or another similar document, is needed to address the requirements for completing an assessment of current site conditions, ecological processes, and rare species and habitats. The baseline report, or another similar document or set of documents, must be prepared to address the current condition of ecological processes, such as disturbance regimes, plant community types, water and soil resources, and imperilled, threatened or endangered species. The analysis should include comparing conditions with historical landscape conditions.	
<b>CAR 2008.3</b>	The land manager must develop a plan for completing the baseline report, in cooperation with the State, in a timely manner or another process for completing the necessary assessment and documentation should be presented.
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	FSC Indicator 6.1.a, 6.1.b, 7.1.a.4., 7.1.b.1

<b>Background/Justification:</b> The FSC standard requires the development of a document or documents that summarize aspects of the management, monitoring, representative samples and HCVF. The summaries need to be available to the public.	
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<b>CAR 2008.4</b>	A public summary (may be one or more documents) needs to be prepared to describe the rationale and process for determining the size and extent of representative sample areas, the primary elements of the management plan, an up-to-date monitoring summary, and management and protection policies for any HCVF areas.
<b>Deadline</b>	<b>CLOSED</b> – Conservation Forestry prepared the public summary documents required by the Appalachia Regional Standard following the site visit. This information is now available to the public upon request.
<b>Reference</b>	FSC Indicator 6.4.f, Criterion 7.4, Indicator 8.5.a., 9.3.d.

<b>Background/Justification:</b> The property includes a number of perennial streams and the landowner and manager have demonstrated compliance with the required streamside management zones (SMZs). The standard explicitly requires, however, that designated high quality waters be identified and allowed specific protections.	
<b>CAR 2008.5</b>	Complete an investigation to determine if any perennial streams on the property are designated as high quality waters by the State or local listings.
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	FSC Indicator 6.5.s

<b>Background/Justification:</b> As part of the Conservation Easement development process the property was scrutinized by professional ecologists for areas of significant conservation value. In addition, the intent of the easement process was to include the areas of known significant conservation value in the lands that were transferred to the State. If any HCVF attributes (e.g., old growth) occur on the subject property, therefore, they are likely to be in remote areas or of a small scale.	
<b>CAR 2008.6</b>	Complete a more formal survey for potential High Conservation Value Forests as described in Principle 9. The survey needs to detail and document the process used for the assessment of the HCVF for the property and demonstrate full compliance with the requirements of Principle 9.
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	FSC Indicator 9.1.a

<b>Background/Justification:</b> The group entity (Conservation Forestry, LLC) has prepared a Certified Resource Manager policy manual and supporting documents that address the requirements of FSC Group Management, including roles and responsibilities, management, monitoring, and procedures for joining or leaving the group.	
<b>CAR 2008.7</b>	Include information in the group manager manual to address FSC and the certification body's rights to access the group member forests for evaluation and monitoring, the FSC requirements with respect to public information, and the requirement to retain records and documentation for at least 5 years.

<b>Deadline</b>	<b>CLOSED</b> – Conservation Forestry revised the Certified Resource Manager policy manual following the field portion of the evaluation and prior to completion of the assessment report.
<b>Reference</b>	Group Management Indicator 3.a.iii., 3.a.iv., 4.b.

<b>Background/Justification:</b> The group management program has been recently developed and is being initiated with the Emory River Tract. The policy manual and supporting documents for the program address the group management requirements but the associated procedures still need to be fully implemented.	
<b>CAR 2008.8</b>	Provide evidence of program implementation including records of internal controls or monitoring (i.e., inspections, corrective actions, or collection of data).
<b>Deadline</b>	2009 Surveillance Audit
<b>Reference</b>	Group Management Indicator 4.a.vi.

<b>Background/Justification:</b> The landowner and manager have demonstrated a commitment to worker and contractor safety. The health and safety programs could continue to be strengthened with additional training programs, on-site safety meetings, and record keeping of safety related actions.	
<b>REC 2008.1</b>	The landowner could develop a safety program that includes materials and on-site safety sessions and safety record keeping including records of which contractors are certified loggers and when their certification expires.
<b>Reference</b>	FSC Indicator 4.2.a.

<b>Background/Justification:</b> The land manager is aware of the database listings for rare, threatened and endangered species that have the potential to occur on the property.	
<b>REC 2008.2</b>	The land manager could pursue closer coordination with the Natural Heritage Program including establishment of a data sharing agreement and additional surveys for potential rare species as well as rare, unique, or exemplary natural community types.
<b>Reference</b>	FSC Indicator 6.2.a

<b>Background/Justification:</b> The land management activities have the potential to contribute to maintaining or restoring a range of age classes.	
<b>REC 2008.3</b>	Develop a policy related to late successional stands and legacy trees that will contribute to maintaining or restoring portions of the forest to the full range of age classes including areas of intact or potential old growth.
<b>Reference</b>	FSC Indicator 6.3.1.2, 6.4.d

<b>Background/Justification:</b> The FSC standard requires a 10-acre limit on the size of harvests that lack retention.	
<b>REC 2008.4</b>	Develop a policy on green tree retention and harvest opening sizes for even-aged management prescriptions.

<b>Reference</b>	FSC Indicator 6.3.a.8
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**Background/Justification:** Land management is informed by ecological considerations but there is an opportunity to add clarity to the relationship between the compartment conditions, silviculture prescriptions, and the forest or community types.

<b>REC 2008.5</b>	Develop a system of ecological classification (e.g., stand types, natural communities) that is practicable and more widely applied to management operations. Consider integrating the system with the compartment level management descriptions.
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<b>Reference</b>	FSC Indicator 7.1.c.1
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**Background/Justification:** The FSC standard requires monitoring of management practices and site conditions and the incorporation of monitoring results into management planning.

<b>REC 2008.6</b>	The Certified Resource Manager Policy Manual could more clearly address requirements for monitoring on the group member properties and could be explicitly linked to the requirements of Principle 8.
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<b>Reference</b>	FSC Indicator 8.1.b.
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**Background/Justification:** The HCVF standards require the consideration and maintenance of high conservation values during management planning and operations.

<b>REC 2008.7</b>	If and when stands and forests are designated as HCVFs, management must ensure that both the quality of the HCVF attributes and their area are maintained. The management plan could be more explicit in this regard.
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<b>Reference</b>	FSC Indicators 9.3.b.
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## 6.0 SURVEILLANCE EVALUATIONS

If certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of Conservation Forestry, LLC, to the Appalachia FSC Regional Standard Public summaries of surveillance evaluations will be posted separately on the SCS website ([www.scs-certified.com](http://www.scs-certified.com)).

### 6.1 2009 Annual Audit

#### 6.1.1 Assessment Dates

Since the 2008 initial evaluation, Conservation Forestry has kept SCS informed of its efforts to conform to the CARs issued with the initial report. This has been via periodic email updates and occasional phone calls.

The audit included 1 day of pre-audit document review and preparation, 3 days of site visits and travel, and 1 day of report preparation, for a total of 5 person days.

### **6.1.2 Assessment Personnel**

The audit was conducted by Michael Thompson, who also conducted the initial evaluation of Conservation Forestry in 2008.

**Michael Thompson, Team Leader:** Mr. Thompson is a Certified Wildlife Biologist with extensive experience in forest management and the conservation of rare plants and animals and natural communities. He was a member of the FSC's Northeast Standards Working Group and has conducted FSC audits in Maine, Maryland, West Virginia, Pennsylvania, Massachusetts, Connecticut, Idaho, Indiana, Tennessee, Ontario, and New Brunswick. Mr. Thompson is the owner of Penobscot Environmental Consulting, Inc., which is based in Yarmouth, Maine.

### **6.1.3 Assessment Process**

Conservation Forestry is a Resource Manager group certification with a single parcel near the Emory River in Tennessee. At the present time all member properties fall within the FSC's Appalachian Region. Portions of the property selected for a site visit were based on recent management activity. Conservation Forestry's foresters were present for all site visits.

#### **September 21, 2009**

***Dinner Meeting.*** Meeting with Kent Gilges and Dag Rutherford to discuss current operations and Conservation Forestry's response to CARs

#### **September 22, 2009**

***Meeting at American Forest Management's Offices.*** Brief meeting to discuss activities on the Emory River tract and to finalize sites to visit. In addition to Conservation Forestry and American Forest Management (AFM) staff, this meeting was attended by Rick Noseworthy, a Tennessee State Forester newly assigned to interact with Conservation Forestry regarding the Emory River tract.

***Convict Branch Pulpwood Timber Sale.*** Recently completed timber sale.

***Sawmill Timber Sale.*** Recently completed timber sale.

***Road Construction Site.*** Site of active road construction.

***Cane Branch Pulpwood Timber Sale.*** Recently completed timber sale.

*Closing Meeting.*

September 23, 2009

*Return travel.*

#### 6.1.4 Status of Corrective Action Requests

<b>CAR 2008.1</b>	<b>Reference:</b> Indicator 1.3.b
Complete a review of the ILO Labor Conventions and prepare a plan for ensuring compliance with the ILO Code of Practice on Safety and Health in Forestry Work.	
<b>Action Taken By Company/Auditor Comments</b>	
ILO Convention reviewed by senior AFM staff and copies provided to all AFM foresters with a requirement that they review it. Based on AFM review, Conservation Forestry's understanding is that existing State and Federal safety regulations address the topic areas covered by the ILO Convention. Tennessee Master Logger training also has a strong emphasis on safety. Contracts with logging contractors will require adherence to safety standards. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.	
<b>Position in the end of this audit: CLOSED</b>	

<b>CAR 2008.2</b>	<b>Reference:</b> Indicator 3.3.a
Complete and document the process of inviting tribal representatives, if any, to identify sites of current or traditional significance within the property.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry made contact with State authorities, the Tennessee Commission of Indian Affairs, the InterTribal Sacred Land Trust, and individual tribal representatives to determine if sites of current or traditional significance were found on the Emory River tract. The auditor was provided with copies of all relevant correspondence. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.	
<b>Position in the end of this audit: CLOSED</b>	

<b>CAR 2008.3</b>	<b>Reference:</b> Indicators 6.1.a, 6.1.b, 7.1.a.4, 7.1.b.1
The land manager must develop a plan for completing the baseline report, in cooperation with the State, in a timely manner or another process for completing the necessary assessment and documentation should be presented.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry has developed a plan for completing a baseline assessment using in-house expertise, consultation services from AFM, and consultation with The Nature Conservancy and the State of Tennessee. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.	
<b>Position in the end of this audit: CLOSED</b>	

<b>CAR 2008.4</b>	<b>Reference:</b> Indicators 6.4.f, 7.4, 8.5.a, 9.3.d
A public summary (may be one or more documents) needs to be prepared to describe the rationale and process for determining the size and extent of representative sample areas, the primary elements of the management plan, an up-to-date monitoring summary, and management and protection policies for any	

HCVF areas.
<b>Action Taken By Company/Auditor Comments</b>
Conservation Forestry prepared a public summary and this information is now available to the public upon request. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.
<b>Position in the end of this audit: CLOSED</b>

<b>CAR 2008.5</b>	<b>Reference:</b> Indicators 6.5.s
Complete an investigation to determine if any perennial streams on the property are designated as high quality waters by the State or local listings.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry consulted with the TDEC and obtained a list of high quality streams. AFM created buffers for these streams in the GIS and adequate streamside management zones have been established in the management plan. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.	
<b>Position in the end of this audit: CLOSED</b>	

<b>CAR 2008.6</b>	<b>Reference:</b> Indicator 9.1.a
Complete a more formal survey for potential High Conservation Value Forests as described in Principle 9. The survey needs to detail and document the process used for the assessment of the HCVF for the property and demonstrate full compliance with the requirements of Principle 9.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry consulted with the State of Tennessee and The Nature Conservancy to obtain data and other information related to potential HCVF. This information was used by Conservation Forestry to identify HCVF on the Emory River tract, as described in the company's HCVF Assessment, dated September 2009. The management plan is being revised accordingly with regards to the presence of HCVF and the requirements of Principle 9 (e.g., HCVF monitoring). It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.	
<b>Position in the end of this audit: CLOSED</b>	

<b>CAR 2008.7</b>	<b>Reference:</b> Group Indicator 3.a.iii, 3.a.iv, 4.b
Include information in the group manager manual to address FSC and the certification body's right to access group member forests for evaluation and monitoring, the FSC requirements with respect to public information, and the requirements to retain records and documentation for at least 5 years.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry made the necessary revisions to the Group Manager Manual shortly after the initial site visit.	
<b>Position in the end of this audit: CLOSED PRIOR TO AWARD OF CERTIFICATION</b>	

<b>CAR 2008.8</b>	<b>Reference:</b> Group Indicator 4.a.vi
Provide evidence of program implementation including records of internal controls or monitoring (i.e., inspections, corrective actions, or collection of data).	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry provided records during the annual audit demonstrating compliance with its own internal group management protocols. Evidence submitted included records of internal controls and	

monitoring of the Emory River tract (existing group parcel) and the potential future inclusion of another private lands tract in Pennsylvania. It is the opinion of the auditor that Conservation Forestry's actions fully comply with the intent of the CAR.
<b>Position in the end of this audit: CLOSED</b>

<b>REC 2008.1</b>	<b>Reference:</b> Indicator 4.2.a
The landowner could develop a safety program that includes materials and on-site safety sessions and safety record keeping including records of which contractors are certified loggers and when their certification expires.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry and their consultant, AFM, have a safety awareness program and records are kept regarding topics covered and the parties that gave and received the training. AFM also tracks which loggers have TN Master Logger certification.	
<b>Position in the end of this audit: CLOSED</b>	

<b>REC 2008.2</b>	<b>Reference:</b> Indicator 6.2.a
The land manager could pursue closer coordination with the Natural Heritage Program including establishment of a data sharing agreement and additional surveys for potential rare species as well as rare, unique, or exemplary natural community types.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry has data sharing agreements in place and has coordinated closely with the Natural Heritage Program.	
<b>Position in the end of this audit: CLOSED</b>	

<b>REC 2008.3</b>	<b>Reference:</b> Indicator 6.3.a.2, 6.4.d
Develop a policy related to late successional stands and legacy trees that will contribute to maintaining or restoring portions of the forest to the full range of age classes including areas of intact or potential old growth.	
<b>Action Taken By Company/Auditor Comments</b>	
As part of its HCVF assessment, Conservation Forestry documented that the majority of late successional and old growth stands were put into conservation status as part of the original land transactions. Conservation Forestry's assessment also highlighted the potentially unique forests that might still be found on the Emory River tract and this information is being incorporated into the management plan. During the site visit recent harvest blocks were visited where it was demonstrated that legacy trees are being left in appropriate harvest blocks.	
<b>Position in the end of this audit: CLOSED</b>	

<b>REC 2008.4</b>	<b>Reference:</b> Indicator 6.3.a.8
Develop a policy on green tree retention and harvest opening sizes for even-aged management prescriptions.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry worked with AFM to develop policies related to green tree retention and harvest opening sizes to ensure compliance with FSC Indicator 6.3.a.8.	
<b>Position in the end of this audit: CLOSED</b>	

<b>REC 2008.5</b>	<b>Reference:</b> Indicator 7.1.c.1
Develop a system of ecological classification (e.g., stand types, natural communities) that is practicable and more widely applied to management operations. Consider integrating the system with the	

compartment level management descriptions.
<b>Action Taken By Company/Auditor Comments</b>
As part of the HCVF assessment and the baseline assessment, Conservation Forestry consulted with the State of Tennessee and The Nature Conservancy regarding rare and unique natural communities. These community type designations, where appropriate, are being incorporated into the management plan. For the remaining general forest, AFM's existing designations suffice.
<b>Position in the end of this audit: CLOSED</b>

<b>REC 2008.6</b>	<b>Reference:</b> Indicator 8.1.b
The Certified Resource Manager Policy Manual could more clearly address requirements for monitoring on the group member properties and could be explicitly linked to the requirements of Principle 8.	
<b>Action Taken By Company/Auditor Comments</b>	
Conservation Forestry continues to develop monitoring programs and provided evidence of its efforts to adhere to Principle 8 in its review of a potential new group property in Pennsylvania. In addition, monitoring information continues to be collected on the Emory River tract.	
<b>Position in the end of this audit: CLOSED</b>	

<b>REC 2008.7</b>	<b>Reference:</b> Indicator 9.3.b
If and when stands and forests are designated as HCVFs, management must ensure that both the quality of the HCVF attributes and their area are maintained. The management plan could be more explicit in this regard.	
<b>Action Taken By Company/Auditor Comments</b>	
A formal HCVF assessment has been completed. This Recommendation, however, will remain open and should be a focus of future annual audits.	
<b>Position in the end of this audit: OPEN</b>	

### 6.1.5 General Observations

Conservation Forestry continues with its one property - the Emory River tract - in its FSC group certification system. The company notes that there has been little demand for FSC-certified products, but is still moving ahead with its evaluation of several potential new group properties.

Conservation Forestry has made notable advances in its baseline assessment, HCVF analysis, BMP compliance, consultation regarding sites of potential cultural significance, and safety

awareness training. The company takes its commitment to adhering to the FSC's Principles and Criteria seriously, as evidenced by its efforts to comply with all outstanding CARs.

SCS's auditor was kept informed of the company's progress with CAR compliance through periodic emails and phone calls.

The company has made no sales of FSC-certified logs or pulpwood since the original certification. Conservation Forestry's use of the FSC logo and other trademarks was assessed and all uses were found to have received approval from SCS.

#### **6.1.6 New Corrective Action Requests and Recommendations**

No new CARs or Recommendations resulted from the 2009 annual audit.

#### **6.1.7 General Conclusions of the Annual Audit**

Based upon information gathered through site visits, interviews, and document reviews, the SCS auditor concludes that Conservation Forestry's management of its group member property in Tennessee continues to be in strong overall compliance with the FSC Principles and Criteria, as now elaborated by the FSC's Appalachian Regional Standards. That is, the SCS auditor has concluded from this annual audit that Conservation Forestry's forest management program is in general conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as Conservation Forestry's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is recommended.

## **7.0 SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES**

The following is a summary of the SCS Complaint and Appeal Investigation Procedures; the full versions of the procedures are available from SCS upon request. The SCS Complaint and Appeal Investigation Procedures are designed for, and available to, any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and

that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (CoC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)). The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An **appeal** is a request by a certificate holder or a certification applicant for formal reconsideration of any adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against any adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant;
- Clearly identify the basis of the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action;
- Explain how the action is alleged to violate an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or FSC requirement;
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder; and
- Propose what actions would, in the opinion of the complainant or appellant, rectify the matter.

Written complaints and appeals should be submitted to:

Dr. Robert J. Hrubes  
Senior Vice-President  
Scientific Certification Systems  
2200 Powell Street, Suite 725  
Emeryville, California, USA 94608  
Email: [rhrubes@scscertified.com](mailto:rhrubes@scscertified.com)

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint or appeal will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.