



SmartWood Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.smartwood.org

Audit Managed by:
United States Regional Office
801 Highway 3 North, Suite 200
Northfield, MN 55057
Tel: 507-663-1115
Fax: 507-663-7111
Contact person: Kara Wires, Forestry
Technical Coordinator
Email: kwires@ra.org



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**Rainforest
Alliance**

SmartWood Program

Forest Management
2010 Annual audit
Report for:

State of Wisconsin Department
of Natural Resources
In
Madison, WI USA

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Audit Team:	Robert R. Bryan, M.S.
Certificate code(s):	SW-FM/COC-003626
Certificate issued:	12/4/08
Organization Contact:	Kathryn J. Nelson
Address:	State of Wisconsin Department of Natural Resources PO Box 7921 Madison, WI 53707

TABLE OF CONTENTS

1. INTRODUCTION	3
2. AUDIT FINDINGS AND RESULTS	3
2.1. AUDIT CONCLUSION.....	3
2.2. CHANGES IN THE FOREST MANAGEMENT OF THE FME AND THE ASSOCIATED EFFECTS ON CONFORMANCE WITH THE STANDARD.	3
2.3. STAKEHOLDER ISSUES	4
2.4. CONFORMANCE WITH APPLICABLE CORRECTIVE ACTION REQUESTS	11
2.5. NEW CORRECTIVE ACTIONS ISSUED AS A RESULT OF THIS AUDIT	11
2.6. AUDIT OBSERVATIONS	13
3. AUDIT PROCESS	14
3.1. AUDITORS AND QUALIFICATIONS:	14
3.2. AUDIT SCHEDULE	14
3.3. SAMPLING METHODOLOGY:	15
3.4. STAKEHOLDER CONSULTATION PROCESS.....	15
3.5. CHANGES TO CERTIFICATION STANDARDS.....	15
APPENDIX I: List of visited sites (confidential)	17
APPENDIX II: List of stakeholders consulted (confidential)	22
APPENDIX III: Forest management standard conformance (confidential)	24
APPENDIX IV: Chain-of-Custody Conformance (confidential)	32
APPENDIX V: FSC Annual Audit Reporting Form: (confidential)	36
APPENDIX VI: SmartWood Database Update Form	38
APPENDIX VII: Group management conformance checklist (confidential)	39

Standard Conversions

1 mbf = 5.1 m³
 1 cord = 2.55 m³
 1 gallon (US) = 3.78541 liters

 1 inch = 2.54 cm
 1 foot = 0.3048 m
 1 yard = 0.9144 m
 1 mile = 1.60934 km
 1 acre = 0.404687 hectares

 1 pound = 0.4536 kg
 1 US ton = 907.185 kg
 1 UK ton = 1016.047 kg

1. INTRODUCTION

The purpose of this report is to document annual audit conformance of State of Wisconsin Department of Natural Resources Managed Forest Law Tree Farm Group (WI DNR MFL), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>:
Additional comments:	None
Issues identified as controversial or hard to evaluate.	None

2.2. Changes in the forest management of the FME and the associated effects on conformance with the standard.

DNR's central office was reorganized to eliminate one senior management position within the Division of Forestry. As a result, employees of the old Forest Tax Section, which administers the MFL program, are now supervised by a newly created Private and Community Forest Section. Several positions within the old Forest Tax Section have been eliminated and recreated, or moved into different bureaus within the Division of Forestry.

Several communication changes that affect administration of the MFL program have been made as a result of Division of Forestry re-organization and changes in central office staffing levels.

- A DNR Forest Tax email address has been created to allow general questions to come to the Forest Tax Program where it is unknown or not clear who the questions

should be directed to. All the Forest Tax Program Specialist have access to the email and respond based on county assigned.

- WisFIRS web based database is being developed. A team of central office forest tax program staff, DNR field staff and certified plan writers is working with design programmers to develop screen shots for ease in data entry. It is expected that this program will be available for testing later in 2011.

Changes to the group membership and total membership data are summarized on the following table.

Member Type	Number of Members*	Acres
New Group members	1,093	68,752
Group members leaving	293	1,478.62
Net change	+ 800	+ 67,273
Total in MFL Certified Group	42,892	2,302,403

*For the purposes of the FSC assessment, a group member is equivalent to an individual property enrolled in the MFL program, also referred to as Forest Management Units (FMU) in this report.

2.3. Stakeholder issues

Several stakeholder issues regarding implementation of the MFL program were identified in the past year. These are summarized in the following table.

Comment	SmartWood Response
General MFL Program Comments	
"Timber primacy" - the management for maximum timber production following industrial silvicultural practices takes precedence over other considerations like landowner objectives, ecological forestry, watershed protection, aesthetics, and economics.	<p>It is clear that the stated purpose of the MFL Tax Law as stated in the Statute (Ch 77.80) The purpose of this subchapter is to encourage the management of private forest lands for the production of future forest crops for commercial use through sound forestry practices, recognizing the objectives of individual property owners, compatible recreational uses, watershed protection, development of wildlife habitat and accessibility of private property to the public for recreational purposes." In application, management for values other than timber may be of equal priority, but not take precedence over timber, except where sensitive resources such as riparian areas, wetlands, and rare species habitats or unique plant communities are found. When present, management for timber is secondary to conservation of these resources.</p> <p>The initial FSC certification in 2008, the 2009 annual audit, and the 2010 audit have found that management of MFL lands is consistent with the FSC Lakes States Standard for non-timber values (i.e., the social, economic, and ecological Criteria and Indicators of the FSC Standard), except where non-conformances were identified. Identified non-conformances resulted in to Corrective Action Requests (CARs) issued in 2008 were addressed by DNR and closed during the 2009 audit. A summary of the 2008 assessment report can be found at http://rainforest-alliance.org/forestry/certification/transparency/operation-summaries-</p>

	<p>usa and the 2009 annual audit at http://info.fsc.org/PublicCertificateDetails?id=a0240000005sUgFAAU).</p> <p>The 2010 audit (this audit) included a review of the primary ecological requirements of the Standard covered by FSC Principle 6. The auditor found conformance with these requirements, with the exception of CARs issued (see Section 2.5 of this report).</p> <p>Forest management plans and required harvest practices incorporate landowner objectives to the extent possible allowed by the DNR Silviculture Handbook and other administrative rules of the MFL program. The auditor observed several instances (for example, three timber sales in northern Bayfield County) where silvicultural prescriptions in an approved forest management plan were modified at the time of harvest to accommodate landowner objectives for non-timber values. Nonetheless, DNR modifications may not be able to address all landowner objectives due to the limitations of the program and the Silviculture Handbook.</p> <p>While the requirements of the Silviculture Handbook sometimes require more timber to be harvested than desired by a landowner, DNR foresters at times require that less timber be cut than desired by the landowner. For example in 2009 several stands were observed where the DNR forester required that stands be re-marked to prevent high-grading or simply excess cutting of volume in stands that were not ready for regeneration per DNR guidelines.</p> <p>In sum, the auditor found that the requirement that timber production be a primary objective does not result in non-conformance with the FSC standard. While the program limits the type of landowner objectives that can be accommodated, landowners are made aware of these requirements prior to deciding whether or not to enter the MFL program. Whether or not the MFL program should allow more flexibility in accommodating landowner objectives is a public policy question that is beyond the scope of the FSC standard.</p>
<p>DNR is requiring costly and marginally valuable harvests.</p>	<p>A marginally valuable harvest (i.e., limited net revenues to the landowner) may be required if consistent with Silviculture Handbook and the DNR forester believes that it is economically feasible for the landowner and logger. This is consistent with FSC Criterion 5.1, which emphasizes economic viability.</p> <p>If at the time of the planned harvests the DNR pre-harvest cruise determines that volumes are insufficient to attract a buyer, harvests are typically rescheduled. Sometimes cutting notices are approved and no buyers can be found. In that case DNR keeps a file of unsold sales so that if a logger inquires about small sales DNR can direct them to the landowner. If a landowner continues to try to sell the timber, DNR will allow extensions and let the market determine the viability of the sale. For example, one landowner from northern Bayfield County reported that while requiring a sale, DNR allowed the landowner to continue to advertise a harvest for 10 years until a buyer was finally found.</p> <p>DNR has also developed a tracking system in its Plan Track database for potential sales that may not attract a purchaser immediately (e.g., if markets for a particular species are slow) but that may attract buyers</p>

<p>Some DNR foresters disregard landowner objectives and other professional foresters opinion and require modifications to harvests with little silvicultural value at stake (for example, in one case requiring that the residual basal area in a clearcut be reduced from 23 square feet per acre to less 20 square feet per acre).</p>	<p>in the future.</p> <p>Twenty square feet of basal area is the maximum allowed by DNR in clearcuts and overstory removal harvests. This comment was the result of one DNR forester's actions in one county, but the general concern related to several properties administered by that forester. While evaluating the silvicultural merit of required modification is not within the scope of the FSC standard (e.g., comparing a harvest with 23 square feet of residual basal area vs. one of 20 square feet), the auditor has found that the forester in question was consistent in application of the Silviculture Handbook guidelines across different properties when approving marked stands.</p>
<p>There is no formal appeals procedure for family forest owners who disagree with the local DNR forester's interpretation of the Management Plan.</p>	<p>The FSC Lake States Standard requires that the concerns of stakeholders (for example, forest landowners in the MFL program) be addressed in planning and implementing forest management. Specifically, the FSC Lakes States Standard Indicator 4.4.a requires a "...<i>opportunity for fair and reasonable input...</i>" and 4.5.a requires "...<i>attempts to resolve grievances...through open communication and negotiation prior to legal action</i>". Guidance in the new FSC-US Forest Management Standard notes that methods to resolve grievances "...<i>may be informal or formal depending on the nature of the grievance</i>".</p> <p>Documented procedures include Ch. 77.86(1)d Wis. Stats. states:</p> <p>(d) If the proposed cutting does not conform to the management plan or is not consistent with sound forestry practices, the department shall assist the owner in developing an acceptable proposal before approving the request.</p> <p>This statutory directive is documented in the Forest Tax Law Handbook (2450.5) page 60-07, which provides a mechanism for the landowner and WIDNR to attempt to resolve this issue, include an on-site meeting and discussion of options, and follow requirements if the issue cannot be resolved through this process.</p> <p>If a landowner still disagrees with a local DNR forester's interpretation of the MFL rules, the landowner may request a review by the local forester's supervisor and the WIDNR regional director This approach to dispute resolution is consistent with the intent of the FSC standard. While this process is not documented in the Forest Tax Law Handbook, examples of this type of higher-level appeal and review were discussed during the field audit. Further review by other DNR staff, such as the regional silviculturalist, is also possible and occurs when the proper interpretation of the Silviculture Handbook is not clear. While this is not a "formal appeals procedure" with a review panel, etc., the auditor has found that the approach used by DNR and the examples discussed in the field are generally consistent with the intent of the Standard.</p>
<p>DNR hires and retains foresters based only on technical competence. Foresters should also be hired and retained based ecological orientation and social skills to engage family forest owners as an educator and colleague. There is no evidence</p>	<p>The FSC Lakes States Standard requires that "the forest owner or manager assures that workers are qualified to implement the management plan" (Indicator 7.3.a) and has found that DNR training qualifications to be consistent with the training requirements of the FSC Standard. In two years of auditing, the MFL program across ten counties, the auditor has only been made aware of one case where a field forester and landowner do not have a positive relationship, and that forester does have positive relationships with other landowners in</p>

<p>that foresters who are unable to develop positive relationships with landowners are dismissed or reassigned to roles without public contact.</p>	<p>the county. Whether or not the program could be more effective at engaging landowners based on forester characteristics such as ecological orientation and social skills is beyond the scope of the Standard.</p>
<p>DNR policies do not encourage creativity in interpretation of the MFL rules and in Management Plan development and implementation.</p>	<p>Smartwood has found that DNR's policies are adequate to meet the requirements of the FSC standard, subject to the CARs listed in Section 2.5. Policies that would encourage creativity and flexibility are beyond the scope of the FSC Standard.</p>
<p>Currently MFL only allows a 20% non-productive category for wetlands and other protected areas on a given entry. This is applied statewide with no consideration of the percentage of wetlands found in any given county, which can be considerably higher on any given ownership. Foresters writing MFL plans on Northern Wisconsin counties are commonly running up against the 20% limit forcing them to prescribe treatment on fragile lands which in other counties, not facing this constraint, can be left as designated non-productive areas. This is a significant flaw in the MFL law. The 20% non-productive clause should be changed before certification is enacted to allow consideration according to the percent of wetlands, other fragile lands, and critical habitat found in any given county.</p> <p>Elimination of the 20% clause would result in more forestland being managed and more timber being harvested and integrate MFL with other public programs especially the preservation of wetlands. It would protect open space for the visual enjoyment of all residents and visitors. It would recognize the ecological and aesthetic/ecological value of prairie/grassland—Wisconsin's rarest habitat type.</p>	<p>Wisconsin State Statutes require that no more than 20% of a parcel may be non-productive land or non-harvestable land due to factors such as the presence of wetlands or steep slopes. During the 2010 audit in the Northern Region, where extensive wetlands occur, the auditor did not observe any harvests in areas that should have been reserved from harvesting due to sensitive soils. If a wetland meets the MFL minimum productivity requirements (forest growth of ≥ 20 cubic feet per acre per year) rules require harvesting when conditions are appropriate. However, harvests may be delayed until suitable site conditions (frozen or very dry soils) occur. DNR foresters have found that in some cases it may take several years before conditions are suitable so that damage may be avoided. Examples of this approach were observed during the field portion of the audit. The actual percentage of non-productive forest land or non-forest land that can be entered into the MFL program is a public policy issue that is beyond the scope of the FSC standard.</p>
<p>Give counties the option to administer MFL as they already do for many other federal, state and local natural resources programs. Counties have a long</p>	<p>Identifying which agencies should administer the MFL program is beyond the scope of the FSC Standard.</p>

<p>and positive record of dealing with rural landowners.</p>	
<p>Silviculture and Ecosystem Management</p>	
<p>DNR allows group selection harvests for many species, but in implementation some landowners have found DNR very reluctant to approve any due to MFL standards of rotation age.</p>	<p>The auditor observed several oak stands where group selection was not approved because they were uniform, even-aged, and approaching rotation age. In the auditor's experience group selection is a valid method for regenerating oak and white pine, but it is problematic to begin applying this method in older-even aged stands. The group shelterwood system and/or a series of smaller clearcuts over a 20-30 year period are options and the latter was observed on one property during the audit.</p> <p>While clarification of when group selection would be applicable might result in more consistency of interpretation of the Silviculture Handbook among DNR foresters, consulting foresters, and landowners, the auditor did not find that DNR's reluctance to approve group selection in some cases was in conflict with the FSC standard.</p>
<p>Aspen and other even aged management do not provide for a diversity of products and benefits from the forest, landowners in MFL are required to manage for lower diversity and quality of forest products (i.e. pulpwood over long term conversion to mixed species and age).</p> <p>DNR policies that favor even-aged management result in regeneration of early successional species in a landscape over represented by these species.</p>	<p>Within a given stand the decision of which species to manage for and the silvicultural system to be used is based on the species present on a site at the time of regeneration, type of regeneration, and suitability of species present for the habitat type. Where other species are present (e.g., pines or longer-lived hardwoods) these species are often retained as an overstory component and/or advanced regeneration when aspen is regenerated. In the Northern Region guidelines have been developed to convert from aspen to white pine, northern hardwoods, or red maple, if desired by the landowner. DNR also has guidelines for creation of gaps for planting long-lived species that will provide a seed source in aspen or other stands currently lacking mid or late successional species. In northern Bayfield County, harvesting to encourage an increase in longer-lived species was observed in all aspen stands that were visited; similar harvests were observed in other counties. These approaches are resulting in a gradual move toward a more natural mix of species, older age classes, and potential products than the extensive pure stands of aspen and birch that have characterized many parts of the state in the past.</p> <p>Where even-aged management is used in other types (for example, oak or pine) a diversity of forest products (e.g., pulpwood, firewood, sawlogs, and veneer) is typical, with amounts varying with stand quality. Silvicultural prescriptions are designed to maintain these species when possible, but the composition of the next stand is strongly influenced by advanced regeneration (for example, and increase in maple in oak stands). Thinned red pine stands (typically 40-60 years old) observed during the audit had developing understory diversity (oaks, white pine, birch). However, uniform spacing and in one case removal of hardwood and aspen from the overstory (where a gap had occurred) resulted in nearly-pure diversity in the canopy of planted red pine. See OBS 01/10.</p>
<p>Even aged management in landscapes of uneven aged forest with 200+yr disturbance regimens does not provide for development of forest structure or provide habitat for forest wildlife.</p>	<p>Old forest structure within stands managed by even-aged methods is provided by DNR rules that allow up to 20 square feet of basal area (5-15% of crown closure as of Jan 1, 2011) to be retained. Old forest structure is also provided in riparian zones and in stands managed with uneven-aged methods. Habitat for most old-forest species is provided on the certified MFL lands, except those such as pine marten and northern goshawk, which require large blocks of older forest.</p>

	<p>Habitat for these species is provided at the landscape scale on federal, state, and county lands. A DNR ecologist interviewed was not aware of any species whose habitat needs are lacking on the landscape.</p>
<p>The FSC requirements for retention of live trees in even-aged harvests are violated by the timber maximization rotation policies of MFL.</p>	<p>The auditor found gaps in the approach to retention of live trees and other vegetation on some harvests on MFL lands. See CAR 02/10.</p>
<p>Aspen stands managed per MFL requirements are plantations as defined by the FSC and constitute conversion of natural forest to plantations.</p>	<p>Based on recent audits of stands managed for aspen with even-aged clearcutting in the northern Lake States the auditor believes the stands managed for aspen on MFL lands would not meet the FSC definition of “plantation” (areas lacking most of the principle characteristics and key elements of native forest ecosystems). While truncation of succession in managed aspen stands was observed on some ownerships, retention of long-lived species and seed sources to move aspen stands to a more diverse mix and eventual transition to mid or late successional types was not noted in several instances. Retention of snags, decaying trees, conifers, and harvest patterns that reflected within-stand variability was noted in most aspen harvests, with the exception above noted for retention of live trees and other vegetation in some harvest blocks (CAR 02/10). However, because a complete review of FSC Principle 10 (Plantations) and consistency of the definition of plantations was outside the scope of the current audit, the auditor recommends that a future SmartWood audit explore this issue in greater detail.</p> <p>Relative to conversion of natural forest to plantations (Criterion 6.10), even if aspen stands are found to be “plantations” as defined by the FSC, current management is not converting older, mid-to late successional types or complex early successional stands (i.e., natural forests) to early-successional, uniform “plantations” as defined by FSC. DNR policies are encouraging increasing diversification of simplified stands that have resulted from human activity (in particular, post-logging fires or past harvest methods that did not include any retention of biological legacies) and encouraging a transition to mixed species stands.</p>
<p>There are concerns about the sustainability of aspen related to micronutrient loss, compaction of soils, and disease.</p>	<p>DNR is aware of current research on aspen sustainability. Sustainability of aspen is monitored by DNR through coordination with researchers and other agencies, tracking forest-wide data, and at the site level by forester monitoring of stand health of lands in the MFL program. Specific responses to the comments follow.</p> <p>Nutrients. While some research indicates concerns regarding micronutrients, research is limited and results are variable. As such there is insufficient evidence at this time to provide clear site-specific guidance. The DNR Silviculture Handbook identifies specific concerns regarding whole tree harvesting on sandy soil and includes recommendations to address the issue. DNR has developed woody biomass harvesting guidelines, which address concerns regarding whole tree harvesting and soil productivity. The audit noted insufficient woody material left on one aspen clearcut and biomass removal harvest in Washburn County (see OBS 02/10), but DNR’s biomass harvesting guidelines, which will take effect on January 1, 2011, should address the issue.</p>

	<p>Soil Compaction. Concerns related to soil compaction and surface soil disturbance are well known, and not limited to aspen types. Soil type, season of harvest, soil moisture at the time of harvest, and control of harvesting equipment are major variables, and DNR guidelines and conditions attached to cutting notices approved by DNR address these concerns. Some cases of minor rutting were observed during the audit, but the problems were recognized by the supervising foresters and jobs were stopped until site conditions improved. In one case the consulting forester required that the contractor switch to low-impact equipment due to site conditions.</p> <p>Disease. There have been documented cases of disease buildup in root systems over multiple short rotations (e.g., < 15 years) (and vice-versa, clones doing well after multiple rotations). There appear to be many poorly understood variables (e.g. soils, wounding, and clone genetics). DNR updates its Silviculture Handbook recommendations periodically in response to new research, but at this time there is insufficient research to recommend against vegetative regeneration of aspen over the time scales used on MFL lands (e.g. 40-70 year rotations).</p>
<p>DNR prescriptions at one property (required clearcut) disregarded the impact of deer herb ivory on regeneration.</p>	<p>The auditor visited the property in question and found abundant regeneration of oak (the species of concern) from stump sprouts that was quickly moving beyond the reach of deer.</p>
<p>Watershed Management</p>	
<p>DNR has developed a watershed database of annual open/cleared lands for the Lake Superior watershed along with training for resource professionals describing how watersheds blow apart at a "tipping point" of +/- 60% cleared/logged land and how these watersheds are still recovering from the cutover, yet consideration of this database is not part of the MFL program - MFL will require landowners to cut over the tipping point OR maybe deny them entry - there is no policy on this.</p>	<p>In general, watershed functions are protected through the use Riparian Management Zones and implementation of Best Management Practices to protect water quality. The many MFL properties help to conserve forest services and resources at the landscape scale. The specific concern raised here is in regard to harvesting within the "Red Clay Plain" along the Lake Superior shoreline. To support its watershed protection efforts, DNR has published "<i>Management Recommendations for Forestry Practices on Wisconsin's Lake Superior Red Clay Plain</i>" (PUB FR-387 2007), which has general forest management recommendation for the area. While not intended to be DNR policy, the auditor found that some of the guidelines are sufficiently specific and supported by DNR's watershed database analysis to provide watershed protection in at-risk watersheds consistent with the intent of Criterion 5.5. However, the guidelines are not being considered by DNR foresters who are reviewing MFL plans and cutting notices. See CAR 01/10.</p>
<p>We were forced to cross a steelhead stream just up from Lake Superior to reach a little patch of aspen that neither the landowner nor logger wanted to harvest. The loggers pulled off the harvest when the crossing became too dangerous for their equipment, leaving an acre + unharvested. DNR subsequently required the logger to revisit the stand and sever (but not remove) the mature aspen stems to ensure regeneration of the stand and the logger complied.</p>	<p>The site was visited during the audit. The small stand that required a stream crossing was included to meet the required MFL minimum of 80% in productive, managed forest (see comments on the 20 percentage procedure above). The harvest occurred in the winter and met DNR BMP requirements. A wide riparian management zone was maintained, no damage to the stream bank or channel occurred from the crossing, and there was no erosion or sedimentation resulting from the harvest.</p> <p>The resulting harvest resembled a large group selection cut, with abundant spruce, fir, maple and pine retained within the harvest block. The aspen that was felled and not skidded will provide forest floor structure in the form of large downed wood. While the felled wood represents "waste" and a possible concern regarding FSC Criterion 5.3, this situation occurs very rarely on MFL lands and this was not</p>

	considered to be a non-conformance under Criterion 5.3. No other non-conformances to FSC Standards were identified based on this situation.
Tribal Relations	
DNR was unaware of Red Cliff Indian Reservation laws regarding logging (which requires a special permit and fees from the logger which vary depending upon the tribal status of the logger). Upon consulting Madison, it was determined the MFL program overrides the Red Cliff law. In general DNR staff is very deferential to tribal objectives.	Deficiencies in tribal consultation were identified in the 2008 assessment. Since then DNR has implemented its policies regarding tribal consultation. DNR has identified personnel to act as liaison for each Native American tribe and also identified a tribal contact for each tribe. A meeting has been held to bring the Tribal Liaisons together to review expectations of the liaison role. At the request of the tribes, DNR Tribal Liaisons make MFL information on scheduled harvests available to tribes so that they may comment regarding protection of Native American resources. See findings for CAR 03/08 in the 2009 audit public summary (see Web link above).

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs 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 SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

Status Categories	Explanation
Closed	Operation has successfully met the CAR.
Open	Operation has either <u>not met</u> or has <u>partially met</u> the CAR.

Check if N/A (there are no open CARs to review)

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

CAR 01/10	Reference to Standard: Criterion 5.5 (FSC-US Forest Management Standard 5.5.b)			
Non-conformance	DNR's "Management Recommendations for Forestry Practices on Wisconsin's Lake Superior Red Clay Plain" (PUB FR-387 2007), recommends that forests be managed so that no more than 40% of a watershed is in open land or stands that are less than 15 years old at any one time. While the watershed maps supplied by DNR indicate that the risk of watershed-scale impacts from the small harvest blocks on the family forest lands covered by this certificate appears to be low, the guidelines are not currently being considered at all in the MFL program. One DNR forester was not aware of the watershed-threshold recommendations that would pertain to clearcutting in high-risk watersheds. Another DNR forester who was aware of them only applied them in one area that had a watershed management plan, but had not yet considered them for MFL lands in high-risk areas (e.g., near Ashland). While not intended to be DNR policy, the auditor found that			
<table border="1"> <tr> <td>Major</td> <td>Minor</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>		Major	Minor	<input type="checkbox"/>
Major	Minor			
<input type="checkbox"/>	<input checked="" type="checkbox"/>			

	some of the guidelines are sufficiently specific and supported by DNR's watershed database analysis to provide watershed protection in at-risk watersheds consistent with the intent of Criterion 5.5. However, the guidelines are not being considered by DNR foresters who are reviewing MFL plans and cutting notice.
Corrective Action Request: DNR shall ensure that forest management operations recognize, maintain, and where appropriate enhance the value of watershed services such as watersheds and fisheries.	
Timeline for conformance:	Prior to next annual audit
Evidence to close CAR:	Pending
CAR Status:	OPEN
Follow-up Actions (if app.):	

CAR 02/10	Reference to Standard: Criteria and indicator 6.3.a.5 (FSC-US Forest Management Standard 6.3.g.1)	
Non-conformance	MFL guidelines do not require retention of live trees and other vegetation in even-aged regeneration harvests in a manner that is consistent with the characteristic natural disturbance regime for the community type. A recent internal DNR memo indicates that this is not a requirement on MFL lands. Amounts of retained vegetation observed varied during the audit. For example, on smaller stands (e.g., 5-10 acres) retention of live trees and other vegetation within and along stand edges appeared to be consistent with the intent of the indicator, but on at least one larger (20 acre) clearcut (Washburn County, O'Neil) retention was limited to two small patches of overstory oak and scattered white pine and no understory vegetation.	
Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>	The auditor reviewed retention guidelines in the revised <i>Forest Management Guidelines</i> (Appendix A-5; revised 2011). A single set of retention guidelines applies to all forest types, and it was not clear how these guidelines are consistent with the characteristic natural disturbance regime of the community type as required by the Indicator. Furthermore, the guidelines are specific to trees and do not discuss retention of "other native vegetation" as required by the Indicator.
Corrective Action Request: When even-aged silvicultural systems are employed, and during salvage harvests, live trees and other native vegetation are retained within the harvest unit in a proportion and configuration that is consistent with the characteristic natural disturbance regime unless retention at a lower level is necessary for the purposes of restoration or rehabilitation.		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if app.):		

CAR 03/10	Reference to Standard: Criteria and indicator 6.9.b, 6.9.c (FSC-US Forest Management Standard 6.9.b)	
Non-conformance	Administrative Code Ch. NR 40 creates a comprehensive, science-	

Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>	<p>based system with criteria to classify invasive species into 2 categories: "<i>Prohibited</i>" and "<i>Restricted</i>". With certain exceptions, the transport, possession, transfer and introduction of prohibited species is banned.</p> <p>The WIDNR actively educates landowners to the benefits of planting native species over non-invasive exotics. In fact, this educational and applied management work was formalized through the development of a variety of BMP's for Invasive Species efforts. These educational efforts in combination with the aforementioned regulatory activities of actually listing and prohibiting truly invasive species in NR 40 minimize the planting of these non-invasive, exotics on MFL lands a low risk.</p> <p>However, exotic herbaceous species are frequently planted for erosion control or for wildlife food plots, but WIDNR has no monitoring procedure to monitor the effects of exotic species use nor are records kept of the species used and location.</p>
Corrective Action Request: WIDNR shall ensure that if exotic species are used, their provenance and the location of their use shall be documented and their ecological effects actively monitored.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

2.6. 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 a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/10	Reference Standard & Requirement: 6.3.b.3 (FSC-US Forest Management Standard 6.3.d)
Thinned red pine stands (typically 40-60 years old) observed during the audit had developing understory diversity (oaks, white pine, birch). However, uniform spacing and in one case removal of hardwood and aspen from the overstory (where a gap had occurred) resulted in nearly-pure diversity in the canopy of planted red pine.	
Observation: WIDNR should ensure that management practices maintain or enhance plant species composition, distribution and frequency of occurrence similar to those that would naturally occur on the site.	

OBS 02/10	Reference Standard & Requirement: 6.3.c.1 (FSC-US Forest Management Standard 6.3.f)
<p>Biological legacies including live and decaying trees, mast bearing trees, snags, and downed woody material are retained in most harvest operations. An exception was noted where biomass was harvested on an aspen clearcut (Washburn County) where little or no coarse or fine woody debris, snags, or downed logs remained on the site. These concerns should be addressed by implementation of "Wisconsin's Woody Biomass Harvesting Guidelines", which are scheduled to take effect January 1, 2011. Some concerns were also noted in thinnings of planted red pine where only fine woody debris remained after harvests and there was no legacy of coarse downed wood.</p>	
<p>Observation: WIDNR should ensure that management maintains, enhances, or restores habitat components and associated stand structures, in abundance and distribution that could be expected from naturally occurring processes. These components include:</p> <ul style="list-style-type: none"> a) large live trees, live trees with decay or declining health, snags, and well-distributed coarse down and dead woody material. Legacy trees where present are not harvested; and b) vertical and horizontal complexity. <p>Trees selected for retention are generally representative of the dominant species naturally found on the site.</p>	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Auditor Name	Robert R. Bryan, M.S.	Auditor role	Lead Auditor
Qualifications:	<p>M.S. Forestry, University of Vermont (1984); B.S. Botany and Environmental Studies, University of Vermont (1976). Currently president of Forest Synthesis LLC. Previously employed as Forest and Wetlands Habitat Ecologist/Forester, Maine Audubon (1995 - 2008) Licensed Maine Forester #907. Member SAF and Forest Guild. Certification Experience: FSC auditor since 2003. Lead auditor (SmartWood), including over 45 FSC Forest Management certification audits and assessments in the Northeast, Lake States, and Appalachia, and Southeast US including family forests, investment and industrial forests, managed conservation forests, and public lands. Member of FSC Northeast Standards Committee 1997-2003 and FSC-US national standards advisory committee (2007-2008), peer review of SFI industrial forest certification in Northern Maine, member of state-level forest certification policy committees.</p>		

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
9/27/2010	Hayward DNR office	Opening Meeting
9/27/2010	Sawyer County	Field audit of MFL parcels
9/28/2010	Rusk County	Field audit of MFL parcels
9/29/2010	Washburn County	Field audit of MFL parcels
9/30/2010	Bayfield County	Field audit of MFL parcels
10/1/2010	Ashland County	Field audit of MFL parcels
10/1/2010	DNR Ashland Office	Closing meeting

Total number of person days used for the audit: **6.5**
 = number of auditors participating **1 X** number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation **6.5**

3.3. Sampling methodology:

SmartWood has developed a 4-year annual audit strategy focusing on counties not audited during the 2008 assessment. The 2010 audit focused on Northern Region. Field sites were selected from GIS data provided by DNR. Selection criteria included timber harvest activity, other management activities (e.g., herbicide use, planting), forest type, and ecological risk (e.g., presence of streams). Sample sites were geographically clustered within counties when possible to minimize travel time between sites. A total of 38 sites were visited, which conforms to FSC group sampling requirements. Of the total, 29 were selected by the auditor, including 4 that were the subject of specific stakeholder concerns. DNR was asked to select 9 sites to demonstrate elements of management that were not present in the sites selected by the auditor.

DNR employees that visited the field sites included the Forest and Tax Program Chief, Forest Tax Field Specialist, and the Forestry Team Leaders, Area Leaders, and service foresters for each county. A DNR Ecologist/Silviculturalist and other DNR central office employees were present for a portion of the audit. Landowners were present at six sites and consulting foresters were present at two others. Several additional employees were present at the closing meeting at the Ashland regional office.

Management plans and cutting notices were reviewed for each site. Additional program administrative documents were also reviewed.

3.4. Stakeholder consultation process

DNR staff, consulting foresters and landowners were interviewed at field sites and other stakeholder were consulted by email and/or telephone to provide additional evidence for evaluation of WIDNR to the requirements of the applicable standard. Specific comments provided to SmartWood were addressed as described in Section 2.3. These included emails and on-site meeting, and field review of three other parcels with issues identified as concerns to stakeholders.

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders consulted or providing input (#)
Landowner (MFL group member)	6
Consulting forester	2
Environmental Conservation Group	1
DNR staff	19

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	Revised Final Lake States-Central Hardwoods (USA) Regional Forest Stewardship Standard, Version LS V3.0, as revised February 10, 2005
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:	
Implications for FME:	Not applicable - no new requirements

APPENDIX I: List of visited sites (confidential)

County	Landowner	MFL Order #	Stands	Site description / Audit Focus and Rationale for selection
Sawyer				
Sawyer	Seivert	58-030-1989	2	Overstory removal in oak/northern hardwood/aspens; modification of prescription to release advance regeneration; Landowner/forester interview.
Sawyer	Risberg	58-027-1989	2	Second thinning in 52-year-old red pine. Species diversity and long-term succession to hardwoods discussed. Consulting forester Jeff Groeschl present.
Sawyer	Reinemann	58-022-2009	2, 3	Clearcut in lowland conifer and aspen-fir, RMZ and stream crossing (bridge) maintenance. Part of stand 3 not cut because too wet to reach, even in winter. Landowner interview.
Sawyer	TWJ Forest Resources	5-033-2003	P2, P3	Thinning in red pine and white spruce planted on old fields. Abundant honeysuckle and some buckthorn in P2; discussion on invasive control in MFL followed.
Sawyer	Bowers	58-076-2004	2	14-acre aspen clearcut with WP and WS retention (scattered) and younger stand of aspen between the two clearcut blocks of aspen. Discussion of FSC green tree retention requirements and approaches to meeting this.
Sawyer	Brurige 7 Revocable Trust	58-030-2004	5	5-acre aspen clearcut in part of stand 5. Live tree, dead, and CWD retention in stand. Winter harvest to protect wet soils.
Sawyer	Gargulak	58-011-1977	1	Selection cut in red-oak northern hardwood. Access road with inadequate water bars and ditch turnouts, with resulting erosion and sedimentation discharge to stream. Monitoring and DNR requirements for remediation discussed.
Sawyer	Gargulak	58-004-1996	3	Selection cut in red oak/northern hardwood with RMZ. Harvest not complete.
Rusk				
Rusk	Lee	55-210-1997	1, 3	Northern hardwood/oak and red maple selection cut, winter harvest. Well stocked, good retention of quality trees, no rutting or stand damage.
Rusk	Prokop	55-029-2007	1, 2	Aspen clearcut and patch aspen-birch removal (Stand 1) and aspen clearcut (Stand 2). Winter harvest, not complete. Cut prior to certification; live tree retention acceptable but potentially could have been better in Stand 1 clearcut.
Rusk	Sheriff	55-005-2006	5	Conifer planting. Has planted white pine, red pine, and white spruce (1999, 2002, and 2005). Several failures due to drought,

				weed competition, and deer browsing. Site-prep with Oust and additional white spruce planting 2010 to meet DNR stocking requirements.
Rusk	Riegel	55-046-2005	1	Extensive aspen stand that has been harvested in patches over the years. Landowner has completed harvesting, but retained scattered patches of mature aspen for wildlife habitat. Stands regenerating well. Landowner interview.
Rusk	Johnson	55-268-1999	1	Land recently purchased from Plum Creek and new plan developed for owner. Had been clearcut prior to sale. Small area of recent earth moving, possibly for food plot, observed during audit. DNR forester will follow up with landowner.
Rusk	Swanke	55-055-1999	1, 3	Large lot with white pine and black oak and lowland hardwoods at confluence of Chippewa River and Thornapple Creek. Recent first entry shelterwood in the pine/oak in attempt to regenerate white pine; selection cut in bottomland hardwoods. Sturgeon spawning site adjacent to property protect with double-wide RMZ.
Rusk	Gerber	55-001-2002	1, 2	Second red pine thinning marked by landowner and harvested by contractor. Good regeneration of mixed species. Oak savannah patch managed by landowner adjacent to river.
Rusk	Schroeter	55-230-2000	1,2,3,5	2008 harvest. First thinning in red pine (1), thinning in mixed stands of natural red pine and hardwoods (2) and aspen/hardwood (3), small aspen clearcut (5). All non-pine in canopy removed from stand 1; discussed species diversity requirements of FSC standard.
Rusk	Dewitt	55-227-2000	1	Recently completed selection cut in oak/northern hardwood. Cut in wet summer (2010), but no soil damage. No damage to trees and regeneration; small wetlands and vernal pools protected.
Rusk	DeBruin	55-006-2009	1	Winter 2009-2010 selection harvest in oak/northern hardwoods. "Navigable" stream (possibly intermittent, but well defined) that was not identified by forester in plan or on cutting notice. DNR identified gap while checking the marking and required cutting plan update. Good retention of quality stems, no damage.
Washburn				9/29/10
Washburn	Lowenburg	66-074-2004	8	Winter 2009-10 overstory removal of red oak (4 acres). Good regeneration from oak seed, good levels of CWD, timber sold to small local mill.
Washburn	O'Neill	66-009-2009	1,2	Stand 1: ongoing 20-acre aspen clearcut.

				Job nearly complete but stopped due to recent heavy rain. Two small patches of overstory oak retention (roughly ¼ acre) and scattered white pine retention do not appear to meet intent of Indicator 6.3.a.5. Wetland pockets avoided. Biomass piled and will be chipped. Stand 2: thinning in red oak/northern hardwood sawtimber.
Washburn	Osterhues	66-006-2008	1,3	Stand 1: Aspen clearcut with good retention of oak and birch. Stand 3: Jack pine clearcut with pre-harvest scarification and scattering of tops for seed. DNR will inspect at 4 years for regeneration. Retention of a small patch of sapling jack pine that appeared appropriate to the scale of the clearcut.
Washburn	Kinderman	66-023-1998	P	Thinning (second or third) in several small planted red pine stands. Good residual basal area and tree quality and no stand damage.
Washburn	Spanel	66-023-1994	3, 4, 6	Stand 3: Single tree selection to remove aspen and favor northern hardwoods (conversion of mixed aspen-hardwoods to uneven-aged hardwoods). Stand 4: Regeneration clearcut in 2-acre aspen stand. Stand 6: First thinning in 5-acre planted red pine stand.
Washburn	Mihalko	66-019-1995	1, 2	Third thinning in two adjacent red pine stands totaling 88 acres. Stands planted on old field in 1962 and have no overstory species diversity. Other species (birch, oak, red pine) have become established in the understory. Discussed species diversity indicators of the FSC Standard.
Washburn	Menkol	66-014-1995	4, 5	Stand 4: 9-acre oak overstory removal harvested in 2007. Good regeneration of red maple, white birch, and oak. Stand 5: Similar stand with OSR in 2009. Objective is to create age class diversity by regeneration parts of the larger oak stand (#1) over time.
Washburn	Peterson	66-047-2004	1	Even-aged thinning in 28-acre red oak/northern hardwood sawtimber stand.
Washburn	Ryan	66-070-2004	3	1 –acre aspen clearcut within larger oak/hardwood/aspen stand.
Washburn	Bucchman	66-021-2000	1	12-acre red pine thinning. Good tree selection, no stand damage. No overstory diversity.
Bayfield				9/30/10
Bayfield	Peterson	04-023-1988	1	Modified clearcut per landowner objection to standard clearcut. Mature aspen and fir with 3 or more sticks harvested; oak, pine, spruce, pole fir and ash retained. Harvest is converting stand to mid-successional mixedwood composition. Sale stopped by consultant due to poor winter ground

				conditions. Some rutting, not excessive. Consultant requiring contractor to change to rubber tired processor and forwarder to minimize chance of rutting next winter.
Bayfield	Capps/Spears	04-016-2008	1	2009-2010 winter harvest. Modified aspen "clearcut." West of stream: Approximately 30-40% crown closure of white spruce, white cedar, balsam fir, red maple, and scattered aspen. East of stream: Similar, with greater stocking retained. Stream crossing in winter, no damage to bank or bed, no erosion or sedimentation. No harvest in RMZ.
Bayfield	Martinson	04-030-2004	2, 5, 6	Harvests 2004-2007. Varied treatments reflecting species variability according to site and landowner objectives. Aspen clearcut: Retained 19 sq. ft. of trees ≥5 inches DMH, plus saplings of red maple, white ash, red oak and white pine. Goal is long-term conversion to mid-successional species. Oak shelterwood: Initial shelterwood entry to encourage established white pine saplings. Mixed oak/northern hardwood: Thinning in pole/sawtimber stand being considered for conversion to northern hardwood and selection system at next entry.
Bayfield	Frizzell	04-010-1998	2, 3, 4	Harvest 2008. Stand 2. Clearcut in oak/mixed hardwood. Almost no overstory retention except for scattered pine. Clearcut with reserves approved by DNR forester (up to 20 square feet of BA to be reserved). DNR required re-marking twice to meet the 20 square-foot limit, but almost all overstory trees were cut against owner's wishes. Job was marked managed by consultant. Stand 4: Initial oak shelterwood entry. Stand 3: No-cut retention area, originally part of Stand 2. Landowner interview.
Bayfield	Engfer	04-010-1997	1	Harvest 2009-2010. Series of small clearcuts in oak/mixed hardwoods. Large white pine and red pine plus sapling hardwood and white pine saplings retained.
Bayfield	Klessig	04-203-1996	1, 2	Stands marked for harvest by landowner but not yet cut. Landowner interview. Stand 1: Improvement thinning in white pine/red pine sawtimber/hardwood stand, objective to reduce hardwood component and release pine regeneration. DNR recommends that overstory pine could be managed for rotation of over 200 years. Stand 2: Thinning/overstory removal to encourage conversion to pine and mid successional hardwoods. Focus on removing early successional species (white birch, aspen) and retaining regenerations of other

				species. DNR required stands to be re-marked by landowner to meet the 20 square foot overstory limit.
Ashland				10/1/2010
Ashland	Hagstrom	02-002-2004	3, 4	Stand 3. Christmas tree plantation for cut-your-own harvesting. Mixed species and ages. No chemicals used. Stand 4. Riparian buffer with permanent stream crossing. Landowner interview.
Ashland	CTD LLC	02-015-1993	1, 6	Clearcut by former industrial owner prior to sale. No activity planned in near future. DNR agreed to break larger industrial stands into smaller stands for age class diversity.
Ashland	Martinsen	02-324-1999	1, 2, 3	Clearcut by former industrial owner prior to sale. DNR requiring understocked areas to be planted to meet minimum stocking requirements.
Ashland	Klucarich	02-205-1997	1, 2, 3	Winter 2009-2010 thinning in red pine and white pine planted stands and removal of aspen and fir (thinning) in natural mixed hardwood conifer stand. Some rutting, but not excessive, due to warm, wet winter conditions. If DNR determines that rutting is excessive they will require that landowner return in dry conditions to correct the problem.

APPENDIX II: List of stakeholders consulted (confidential)

List of FME Staff Consulted

Name	Title	Contact	Type of Participation
Neilsen, Carol	WIDNR Private Forestry Specialist	608-267-7508	Field interview
Nelson, Kathy	WIDNR Forest and Tax Program Chief	608-266-3545	Field interview
Symes, Ken	WIDNR Forest Tax Law Operations and Enforcement Specialist	608-266-8019	Field interview
Crow, Jerry	WIDNR Forest Tax Field Specialist	715-453-2188 x 1260	Field interview
Glodoski, Larry	WIDNR Area Forestry Leader, Upper Chippewa	715-634-9658 x 3503	Field interview
Wisdom, Pete	Forestry Team Leader, Sawyer/Rusk Counties	715-634-9658 x 3502	Field interview
O'Mara, Mike	WIDNR Forest Ranger, Sawyer County	715-266-3511	Field interview
Jochimson, Derek	WIDNR Forest Ranger, Rusk County	715-532-4366	Field interview
Schumacher, Dan	WIDNR Forest Ranger, Rusk County	715-532-4362	Field interview
Mueller, Scott	WIDNR Forest Ranger, Taylor County	715-748-4955	Field interview
Riewesthal, Jay	WIDNR Forest Ranger, Washburn County	715-635-4084	Field interview
Focht, Robert	WIDNR Forest Ranger, Washburn County	715-635-4084	Field interview
Johnson, Brad	WIDNR Forestry Team Leader, Barron/Washburn Counties	715-635-4175	Field interview
Mouw, Rebecca	WIDNR Forest Ranger, Washburn County	715-466-2022	Field interview
Hillebrand, Rose	WIDNR Forest Ranger, Bayfield County	715-373-6165	Field interview
Tatzel, Alan	WIDNR Lake Superior Area Forestry Specialist	715-274-4137	Field interview
Coffin, Steve	WIDNR Forestry Team Leader, Bayfield County	715-795-3437 x 111	Field interview
Berklund, Heather	WIDNR Forester, Ashland/Iron Counties	15-476-3890	Field interview
Matula, Colleen	WIDNR Forest Ecologist/Silviculturalist	715-274-4138	Field interview

List of other Stakeholders Consulted

Name	Organization	Contact	Type of Participation
Sievert, Steve	Landowner, Sawyer County	715-462-3723	Field interview
Groeschl, Jeff	Consulting Forester, Groeschl Forestry	715-634-6712	Field Interview, Sawyer County
Reinemann, Alan	Landowner, Sawyer County	715-558-2388	Field interview
Riegel, Tim	Landowner, Rusk County	715-532-5159	Field interview

Tuttle, Andy	Consulting Forester, Groeschl Forestry	715-634-6712	Field interview, Bayfield County
Frizzell, Tom	Landowner, Bayfield County	715-779-3968	Field interview
Klessig, Lowell	Landowner, Bayfield County	715-824-2490	Field interview
Bro, Kim	Landowner, Bayfield County	715-373-0214	Field interview
Hagstrom, Harley and Marlene	Landowners, Ashland County	715-682-6564	Field interview
Ray, Charly	Manager, Living Forest Coop	715-682-0007	Telephone & email interviews

APPENDIX III: Forest management standard conformance (confidential)

The table below demonstrates conformance or non-conformance with the Forest Stewardship Standard used for evaluation as required by FSC. The SmartWood Task Manager should provide guidance on which sections of the standard should be evaluated in a particular audit. SmartWood may evaluate only a subset of the criteria or principles of the standard in any one particular audit provided that the FME is evaluated against the entire standard by the end of the certificate duration. Findings of conformance or non conformance at the criterion level will be documented in the following table with a reference to an applicable CAR or OBS. The nonconformance and CAR is also summarized in a CAR 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	Conform ance: Yes/No/ NE	Findings	CAR OBS (#)
Principle 1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES			
1.1	NE		
1.2	NE		
1.3	NE		
1.4	NE		
1.5	NE		
1.6	NE		
Principle 2. TENURE AND USE RIGHTS AND RESPONSIBILITIES			
2.1	NE		
2.2	NE		
2.3	NE		
Principle 3. INDIGENOUS PEOPLES' RIGHTS			
3.1	NE		
3.2	NE		
3.3	NE		
3.4	NE		
Principle 4. COMMUNITY RELATIONS AND WORKERS' RIGHTS			
4.1	NE		
4.2	NE		
4.3	NE		
4.4	NE		
4.5	Yes (4.5.a only)	<p>The FSC Lake States Standard requires that the concerns of stakeholders (for example, forest landowners in the MFL program) be addressed in planning and implementing forest management. Specifically, the FSC Lakes States Standard Indicator 4.4.a requires a "...opportunity for fair and reasonable input..." and 4.5.a requires "...attempts to resolve grievances...through open communication and negotiation prior to legal action". Guidance in the new FSC-US Forest Management Standard notes that methods to resolve grievances "... may be informal or formal depending on the nature of the grievance".</p> <p>Documented procedures include Ch. 77.86(1)d Wis. Stats. states:</p> <p>(d) If the proposed cutting does not conform to the management plan or is not consistent with sound forestry</p>	

		<p>practices, the department shall assist the owner in developing an acceptable proposal before approving the request.</p> <p>This statutory directive is documented in the Forest Tax Law Handbook (2450.5) page 60-07, which provides a mechanism for the landowner and WIDNR to attempt to resolve this issue, include an on-site meeting and discussion of options, and follow requirements if the issue cannot be resolved through this process.</p> <p>If a landowner still disagrees with a local DNR forester's interpretation of the MFL rules, the landowner may request a review by the local forester's supervisor and the WIDNR regional director. This approach to dispute resolution is consistent with the intent of the FSC standard. While this process is not documented in the Forest Tax Law Handbook, examples of this type of higher-level appeal and review were discussed during the field audit. Further review by other DNR staff, such as the regional silviculturalist, is also possible and occurs when the proper interpretation of the Silviculture Handbook is not clear. While this is not a "formal appeals procedure" with a review panel, etc., the auditor has found that the approach used by DNR and the examples discussed in the field are generally consistent with the intent of the Standard</p>	
Principle 5. BENEFITS FROM THE FOREST			
5.1	Yes	<p>Tight budgets have resulted in measures taken to improve efficiency, but DNR managers report that budgets are adequate to support the MFL program. Landowners commit to a 25 or 50-year management plan (designation period) and evidence was observed that they are implementing all management activities prescribed in the plans.</p> <p>MFL rules do not allow for harvests in responses to short-term financial factors. No evidence of such activity was observed in the field.</p> <p>Investment by landowners observed during the audit include tree planting. Non-merchantable stems of poor form, low vigor, and non-merchantable species (e.g., ironwood) are cleaned from gaps in selection harvests. DNR reported that invasive species control is common (also observed in 2009 audit). DNR has made continued investments in management systems, including new planning software and associated information systems accessible to cooperating foresters and landowners as well as DNR foresters, and new MFL tracking database is under development.</p>	
5.2	Yes	<p>All wood is sold as stumpage. Buyers are typically local (small logging contractors), but some may be regional (e.g., pulp mills) who then arrange for a logger.</p> <p>Maple syrup is the most common non-timber forest product (NTFP) harvested for commercial purposes and this is addressed in the management plan when it occurs.</p> <p>Small woodland owners, due to the small volume and infrequent nature of harvests, have limited ability to develop new markets. A wide range of products of both high and low value, across a wide range of species, are sold from MFL lands.</p>	

5.3	Yes	<p>Abundant large and small woody debris was observed on harvested sites. In most cases tops are left where the tree is cut.</p> <p>No waste was observed. Residual stand damage was very low in the harvested stands visited during the audit.</p>	
5.4	Yes	<p>Recreation is an important use of many MFL woodlots and management plans include this important component of management. MFL properties have a diversity of species and age classes and support ecological functions characteristic of the sites and forest types present.</p>	
5.5	No	<p>Watershed functions are protected through the use of Riparian Management Zones and implementation of Best Management Practices to protect water quality. The many MFL properties combined help to conserve forest services and resources at the landscape scale.</p> <p>Stakeholders raised concerns regarding harvesting within the “Red Clay Plain” along the Lake Superior shoreline. DNR has found that within the Lake Superior red clay plain high-risk watersheds are those with 60% or more open lands, including agriculture, urban land use, and clearcuts less than 15 years old. DNR’s research has found that in these areas there is a 2 to 3 fold increase in stream flow during heavy rain or snow melt events. Watershed near the 60% threshold are those that are primarily in urban and agricultural areas. None of the watersheds in the Red Clay Plain contain more than 40% young forest.</p> <p>DNR has prepared watershed risk maps in an Arcview data base in 2004. These maps are currently being updated to include land uses up through 2008 or 2009. The 2004 information was given to county forest administrators, county zoning offices, Land and Water Conservation Districts, Natural Resource Conservation Service, cooperating foresters and DNR foresters. Those people who did not have Arcview capabilities were given the maps in hard copy.</p> <p>To support its watershed protection efforts, DNR has published “<i>Management Recommendations for Forestry Practices on Wisconsin’s Lake Superior Red Clay Plain</i>” (PUB FR-387 2007), which has general forest management recommendation for the area. The publication was introduced to foresters who attended a training session in 2008 and they received copies of it when it was printed. It was presented as a landowner resource, not as MFL policy. DNR has stated that to the auditor that it was not intended to guide MFL because it is too general and does not contain silvicultural prescriptions, and that it is not detailed nor technical enough for foresters.</p> <p>The guidelines recommend that forests be managed so that no more than 40% of a watershed is in open land or stands that are less than 15 years old at any one time. While the watershed maps supplied by DNR indicate that the risk of watershed scale impacts from the small harvest blocks on the family forest lands covered by this certificate appears to be low, the guidelines are not currently being considered at all in the MFL program. One DNR forester was not aware of the watershed-threshold recommendations that would pertain to clearcutting in high-risk watersheds. Another DNR forester who was</p>	CAR 01/10

		aware of them only applied them in one area that had a watershed management plan, but had not yet considered them for MFL lands in high-risk areas (e.g., near Ashland). While not intended to be DNR policy, the auditor found that some of the guidelines are sufficiently specific and supported by DNR's watershed database analysis to provide watershed protection in at-risk watersheds consistent with the intent of Criterion 5.5. However, the guidelines are not being considered by DNR foresters who are reviewing MFL plans and cutting notice (CAR 01/10).	
5.6	Yes	The sustainability of harvest levels is determined by stand-scale application of the DNR Silviculture Handbook and includes consideration of site type, overstory stocking and regeneration (species and density), and desired future condition. The Handbook is based on the scientific studies of silviculture in the region. Due to the small size of the ownerships, traditional allowable harvest concepts such as growth control or area control are not applicable. The field audit confirmed that silviculture prescriptions and harvest rates conformed to the Handbook recommendations and were consistent with accepted practices for sustainable stand management. Pre- and post-harvest cruises by DNR confirm stand conditions relative to the Handbook recommendations and are used to update prescriptions as necessary. There was no evidence of non-sustainable practices such as premature harvesting or overcutting.	
Principle 6. ENVIRONMENTAL IMPACT			
6.1	Yes	<p>Baseline assessments are comprehensive and include:</p> <ul style="list-style-type: none"> • Disturbance regimes and successional pathways described on the DNR Web site, and linked to current management plans. • Natural Heritage Inventory (NHI) review at time of management plan preparation (current plans), plan updates (at time of cutting notice), and cutting notice. • Common plant and animal habitats, based on DNR web links for forest community types. • Water resource descriptions on cutting notices and management plans. Soil descriptions in management plans. • Historical conditions are described in regional forest type descriptions on the DNR web site. • Historical and archeological databases are reviewed prior to management. <p>Management plans and cutting notices incorporate the above information in a manner designed to minimize impacts.</p>	
6.2	Yes	<p>Habitats for known rare and sensitive species are identified and protected per DNR recommendations prior to management. Two examples were observed during the audit: a sturgeon site spawning site protected with double-wide RMZ standards (Swanke, Rusk County) and a bald eagle nest buffers on harvest plan maps (Lowenburg, Washburn County).</p> <p>Where known rare species may occur, DNR has carried out additional field surveys where likely habitat is found. DNR foresters are aware of rare species and habitats in their area, and examples of reporting (e.g., wolf dens and eagle nests) were discussed during the audit.</p>	
6.3	No	6.3.a.	CAR

	<p>Properties are managed for a diversity of age classes and native species consistent with the plant community, soil/site type (habitat type, per Kotar classification system), and pre-settlement community types for the region and site. Where consistent with landowner objectives, properties are managed to move early successional types to mid-successional (pine/oak) or late successional (northern hardwoods) where sites permit. This is done through protection of overstory seed sources, removal of early successional species, protection of advanced regeneration, and/ or planting desired long-lived species in gaps. Where sufficient regeneration is present conversion may occur in one harvest, but longer term (more than one rotation) may be necessary in some stands. Several examples were observed during the audit (e.g., Bayfield County: Peterson, Capps/Spears, Martinson, and Klessig).</p> <p>MFL guidelines do not require retention of live trees and other vegetation in even-aged regeneration harvests in a manner that is consistent with the characteristic natural disturbance regime for the community type. A recent internal DNR memo indicates that this is not a requirement on MFL lands. Amounts of retained vegetation observed varied during the audit. For example, on smaller stands (e.g., 5-10 acres) retention of live trees and other vegetation within and along stand edges appeared to be consistent with the intent of the Indicator, but on at least one larger (20 acre) clearcut (Washburn County, O'Neil) retention was limited to two small patches of overstory oak and scattered white pine and no understory vegetation. The auditor reviewed retention guidelines in the revised Forest Management Guidelines (Appendix A-5; revised 2011). A single set of retention guidelines applies to all forest types, and it was not clear how these guidelines are consistent with the characteristic natural disturbance regime of the community type as required by the Indicator. Furthermore, the guidelines are specific to trees and do not discuss retention of "other native vegetation" as required by the Indicator. (CAR 02/10).</p> <p>6.3.b</p> <p>Managed stands observed in the audit represented the range of species and community types for the regions and sites visited. Within-stand species diversity is generally high, but low tree species was observed in large aspen stands generated from clearcuts and planted red pine stands. In aspen clearcuts retention of pines, oaks and small saplings of other species (e.g., fir, maple, and ash) will build species diversity in the next stand. Thinned red pine stands (typically 40-60 years old) observed during the audit had developing understory diversity (oaks, white pine, birch). However, uniform spacing and in one case removal of hardwood and aspen from the overstory (where a gap had occurred) resulted in nearly-pure diversity in the canopy of planted red pine. (OBS 01/10). No recently regenerated red pine stands were observed. Species diversity is generally high between stands of different forest types on a property.</p> <p>Management was generally consistent with wildlife management guidelines for common species in the region (see findings for 6.2 for rare species). Habitat for most wildlife species is provided on the certified MFL lands, except for species such pine marten and northern goshawk that require large blocks of older forest and tracks</p>	<p>02/10</p> <p>OBS 01/10</p> <p>OBS 02/10</p>
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		<p>much larger than the typical small ownership in the MFL program. Habitat for these species is provided at the landscape scale on federal, state, and county lands. A DNR ecologist interviewed was not aware of any species whose habitat needs are lacking on the landscape.</p> <p>6.3.c Biological legacies including live and decaying trees, mast bearing trees, snags, and downed woody material are retained in most harvest operations. An exception was noted where biomass was harvested (O’Neil, Washburn County) where little or no coarse or fine woody debris remained on the site. These concerns should be addressed by implementation of “Wisconsin’s Woody Biomass Harvesting Guidelines”, which are scheduled to take effect January 1, 2011. Through the cutting notice approval process landowners will need to specify the cutting prescriptions. At this time DNR will be notified if the landowner intends to harvest round wood or biomass. Some concerns were also noted in thinnings of planted red pine where only fine woody debris remained after harvests and there was no legacy of coarse downed wood, although in these stands contracts would need to specify that a certain amount of harvested trees must be left after they are felled, as there is no current source of natural recruitment of these legacies. (OBS 02/10). Practices conserved soil organic matter, the exception being the O’Neil harvest noted above.</p> <p>Wetlands, riparian area and vernal pools were identified and protected per DNR guidelines.</p> <p>No salvage harvests from catastrophic disturbances were observed, but DNR reports that all applicable guidelines for retention of live and dead wood material and protection of water resources, soils, and sensitive habitats would apply.</p>	
6.4	Yes	<p>The findings from the 2008 assessment are still applicable today:</p> <p><i>WI DNR has a well-developed, program-wide system to protect and restore over 75 representative natural community types distributed across all 16 ecological landscapes of the state through its State Natural Area (SNA) program. SNAs are designed to protect 1) outstanding natural communities, 2) critical habitat for rare species, 3) ecological benchmark areas, 4) significant geological or archaeological features, and 5) exceptional sites for natural area research and education. Currently, there are over 400 protected SNAs distributed across 70 of Wisconsin’s 72 counties totaling over 150,000 acres. Therefore, many if not most MFL properties are in proximity to one or more SNAs. SNAs are protected by state statutes, administrative rules, and guidelines. An additional 229 areas across the state that have been deemed high priorities for conservation and protection have been identified through WI DNR’s Land Legacy Program.</i></p> <p>Per guidance in the current Lake States Standard and the FSC-US Forest Management Standard, conservation of representative sample areas is generally not expected on small ownerships unless exceptional opportunities (FSC-US: “outstanding examples”) occur. In the case of the MFL, outstanding examples of natural ecosystems</p>	

		<p>identified through the NHI program would be protected.</p> <p>None of the properties visited by the auditor were representative of old-growth forests. Because most privately owned forests in the state have been repeatedly harvested, it is unlikely that stands of un-entered old growth remain on small MFL properties in the certified group.</p>	
6.5	Yes	<p>WIDNR has a set of BMPs that are required for all operations in the MFL program. "Wisconsin's Forestry Best Management Practices for Water Quality" address riparian management zones (RMZs), wetlands, chemicals (fuels, lubricants, waste, spills, pest chemicals), timber harvesting (including landings and skid trails), prescribed burning, site preparation and planting, and forest roads (including skid trails). Applicable practices observed during the audit included harvesting in accordance with RM standards, avoidance of wetlands, winter harvest only in productive, forested wetlands, stream crossings at right angles to stream with appropriate practices (e.g., compacted snow for winter crossings, and construction of water bars and other water diversions).</p> <p>One incomplete harvest had insufficient water bars and lacked ditch turnouts on a long downhill run and prior to discharge into a stream. Recent heavy rains had caused erosion and stream sedimentation (Sawyer County, Gargulak). DNR will notify the landowner that remediation is required. On another site minor rutting occurred and the sale was suspended by consultant due to poor winter ground conditions (Peterson, Bayfield County). The consultant is requiring contractor to change to rubber-tired processor and forwarder to minimize chance of rutting next winter. Very minor rutting was observed on a third site (Klucarich, Ashland County). These were the only BMP issues identified on 38 sites visited. The auditor found that WIDNR has the tools to monitor sites (at minimum at the end of operations) and to address damage when it occurs (e.g., require that ruts be smoothed).</p>	
6.6	NE		
6.7	NE		
6.8	NE		
6.9	No (6.9.b, 6.9.c)	<p>No use of exotic tree species was observed in the audit. Administrative Code Ch. NR 40 creates a comprehensive, science-based system with criteria to classify invasive species into 2 categories: "<i>Prohibited</i>" and "<i>Restricted</i>". With certain exceptions, the transport, possession, transfer and introduction of prohibited species is banned.</p> <p>The WIDNR actively educates landowners to the benefits of planting native species over non-invasive exotics. In fact, this educational and applied management work was formalized through the development of a variety of BMP's for Invasive Species efforts. These educational efforts in combination with the aforementioned regulatory activities of actually listing and prohibiting truly invasive species in NR 40 minimize the planting of these non-invasive, exotics on MFL lands a low risk.</p> <p>However, exotic herbaceous species are frequently planted for erosion control or for wildlife food plots, but WIDNR has no monitoring procedure to monitor the effects of exotic species use nor</p>	CAR 03/10

		are records kept of the species used and location. (CAR 03/10)	
6.10	NE		
Principle 7. MANAGEMENT PLAN			
7.1	NE		
7.2	NE		
7.3	NE		
7.4	NE		
Principle 8. MONITORING AND ASSESSMENT			
8.1	NE		
8.2	NE		
8.3	NE		
8.4	NE		
8.5	NE		
Principle 9. MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS			
9.1	NE		
9.2	NE		
9.3	NE		
9.4	NE		
Principle 10. PLANTATIONS			
10.1	NE		
10.2	NE		
10.3	NE		
10.4	NE		
10.5	NE		
10.6	NE		
10.7	NE		
10.8	NE		
10.9	NE		

APPENDIX IV: Chain-of-Custody Conformance (confidential)

Note: This CoC Appendix is used for FMEs only selling standing timber, stumpage, logs and/or chips produced within a FMU covered by the scope of the certificate. FME certificate scopes that include primary or secondary processing facilities shall include an evaluation against the full FSC CoC standard: FSC-STD-40-004 V2. Refer to that separate report Appendix.

Definition of Forest Gate: (check all that apply)

<input checked="" type="checkbox"/>	Standing Tree/Stump: FME sells standing timber via stumpage sales.
<input checked="" type="checkbox"/>	The Log Landing: FME sells wood from the landing/yarding area.
<input type="checkbox"/>	On-site Concentration Yard: Transfer of ownership occurs at a concentration yard under the control of the FME.
<input type="checkbox"/>	Standing Tree/Stump/Log Landing/On-site Concentration Yard WITH temporary implementation of COC-12 interim policy: Transfer of ownership occurs to a non-certified logging company or other entity prior to delivery off-site to a FSC CoC certified operation but FME has procedures to control wood during transportation. (See COC-12 section below for specific requirements.) Note: FSC requires that use of COC-12 be phased out since it is not consistent with current FSC standards. Phase out time frame is still to be determined but could be as early as 12/31/10. Contact your SmartWood project manager for more information.
<input type="checkbox"/>	Off-site Mill/Log Yard: Transfer of ownership occurs when offloaded at purchaser's facility.
<input type="checkbox"/>	Other: <i>explanation</i>
Comments: Most sales are stumpage sales. Landowners who cut their own wood sell it at the landing.	

Scope Definition of CoC Certificate:

Does the FME further process material before transfer at forest gate? <i>(If yes then processing must be evaluated to full CoC checklist for CoC standard FSC-STD-40-004 v2.)</i> Note: This does not apply to on-site production of chips/biomass from wood harvested from the evaluated forest area.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	
Is the FME a large scale operation (>10,000 hectares) or a Group Certificate? <i>(If yes then CoC procedures for all relevant CoC criteria shall be documented.)</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: FME manages a group certificate.	
Does non-FSC certified material enter the scope of this certificate prior to the forest gate, resulting in a risk of contamination with wood from the evaluated forest area (e.g. FME owns/manages both FSC certified and non-FSC certified FMUs)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	
Does FME outsource handling or processing of FSC certified material to subcontractors (i.e. milling or concentration yards) prior to transfer of ownership at the forest gate? <i>(If yes a finding is required for criterion CoC 7 below.)</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	
Does FME purchase certified wood from other FSC certificate holders and plan to sell that material as FSC certified? <i>(If yes then a separate CoC certificate is required that includes a full evaluation of the operation against FSC-STD-40-004 v2.)</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	
Does FME use FSC and/or Rainforest Alliance trademarks for promotion or product labeling? <i>(If FME does not nor has no plans to use FSC/RA trademarks delete trademark criteria checklist below.)</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: DNR uses the trademarks on the DNR Web site but has not used them on printed material or on products.	

Chain-of-Custody Criteria [FM-35 SmartWood Chain-of-Custody Standard for Forest Management Enterprises (FMEs)]

1. Quality Management	
COC 1.1: FME shall define the personnel/position(s) responsible for implementing the CoC control system.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: WIDNR has defined responsibilities of all persons responsible for implementing the CoC control system. The COC control system included at page 21-12 of the Forest Tax Law handbook.	
COC 1.2: All relevant staff shall demonstrate awareness of the FME's procedures and competence in implementing the FME's CoC control system.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: WIDNR has training with service foresters to describe the chain of custody system. Foresters demonstrated knowledge of the system through proper use of the certification code and checkbox on the Cutting Notice forms.	
CoC 1.3: FME procedures/work instructions shall provide effective control of FSC certified forest products from standing timber until ownership is transferred at the forest gate. <i>Note: For large scale operations (>10,000ha) and Group Managers, CoC procedures covering all relevant CoC criteria shall be documented.</i> Including: a) Procedures for physical segregation and identification of FSC certified from non-FSC certified material. (If applicable) b) Procedures to ensure that non-FSC certified material is not represented as FSC certified on sales and shipping documentation. (If applicable) c) Procedures to include FME FSC certificate registration code and FSC claim (FSC Pure) on all sales and shipping documentation for sales of FSC certified products. d) Recordkeeping procedures to ensure that all applicable records related to the production and sales of FSC certified products (e.g. harvest summaries, sales summaries, invoices, bills of lading) are maintained for a minimum of 5 years. e) Procedures to ensure compliance with all applicable FSC/Rainforest Alliance/SmartWood trademark use requirements.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: Written procedures under "Chain of Custody" in the Forest Tax Law handbook address elements a-e.	

COC-12: SW Interim Policy (COC Certification of Loggers and procedures for bridging gaps in the chain of custody)

Check if section not applicable (FME does not implement COC-12)

COC-12 temporarily allows the FM/COC or COC certificate holder to include a non-certified logging contractor into their scope. For certified landowners, it extends the forest gate to the delivery point at the mill or log yard.

Note 1: FSC requires that use of COC-12 be phased out due to inconsistencies with current FSC standards. Phase out time frame is still to be determined but could be as early as 12/31/10. Contact your SmartWood project manager for more information.

Note 2: This is only applicable if the FME plans to pass on a FSC certified claim on sales of forest products from their FSC certified forests.

2. Certified Material Handling and Segregation	
COC 2.1: FME shall have a CoC control system in place to prevent the mixing of non-FSC certified materials with FSC certified forest products from the evaluated forest area, including: a) Physical segregation and identification of FSC certified from non-FSC certified material. b) A system to ensure that non-FSC certified material is not represented as FSC certified on sales and shipping documentation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Note: If no outside wood is handled by FME within scope of certificate, mark as N/A.	
Findings: Most sales are low risk, involving a harvest of a single group member's land with no risk of mixing. However, some sales occur where adjacent lots under a single ownership are being harvested by one	

contractor where one lot is in MFL certified group and the adjacent lot is not in the MFL group. In that case the Forest Tax Law Handbook specifies that a) physical segregation of the logs is required, and b) non-MFL wood cannot be classified as certified, and c) the page of the cutting notice displaying the CoC certificate number given to buyers who wish to establish a CoC documentation chain is only applicable to the MFL group lot.	
CoC 2.2: FME shall identify the sales system(s) or "Forest Gate", for each FSC certified product covered by the Chain of Custody system: i.e. standing stock; sale from log yard in the forest; sale at the buyer's gate; sale from a log concentration yard, etc.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: The forest gate has been identified as the "stump, landing, or roadside." For the purposes of the certificate SmartWood considers the landing and roadside to be equivalent	
CoC 2.3: FME shall have a system that ensures that FME products are reliably identified as FSC certified (e.g. through documentation or marking system) at the forest gate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: The certificate number on the Cutting Notice as described in CoC 2.1 serves this purpose.	
CoC 2.4: FME shall ensure that certified material is not mixed with non-FSC certified material at any stage, up to and including the sale of the material.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Note: If no outside wood is handled by FME within scope of certificate, mark as N/A.	
Findings: See CoC 2.1	

3. Certified Sales and Recordkeeping	
COC 3.1: For material sold with FSC claim the FME shall include the following information on sales and shipping documentation: a) FME FSC certificate registration code, and b) FSC certified claim: FSC Pure	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: a) WIDNR has revised its procedures to clarify that all wood is sold as FSC certified. The FSC certification code is included on the cutting notice b) "FSC Pure" is included on the cutting notice along with the certification code.	
CoC 3.2: FME shall maintain certification production and sales related documents (e.g. harvest summaries, invoices, bills of lading) for a minimum of 5 years. Documents shall be kept in a central location and/or are easily available for inspection during audits.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: WIDNR's paper records retention policy is seven years. The electronic data is never deleted.	
CoC 3.3: FME shall compile an annual report on FSC certified sales for SmartWood containing monthly sales in terms of volume of each FSC certified product sold to each customer.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: All wood is sold as FSC-certified. WIDNR compiles summaries of sales volume and value (based on DNR stumpage rate values) of all forest products sold by the entire FSC group and has the capability to produce reports for any time period and for all customers upon request	

4. Outsourcing	
CoC 4.1: FME control system shall ensure that CoC procedures are followed at subcontracted facilities for outsourcing and FME shall collect signed outsourcing agreements covering all applicable FSC outsourcing requirements per FSC--40-004 v-2.0 <i>FSC Standard for Chain of Custody</i> November 2007. Note 1: If FME outsources processing or handling of FSC certified material the outsourcing report appendix is required. Note 2: Check N/A If FME does not outsource processing or handling of FSC material.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
Findings: There is no outsourcing.	

5. FSC/Rainforest Alliance Trademark (TMK) Use Criteria	
Standard Requirement: The following section summarizes the FME's compliance with FSC and Rainforest Alliance trademark requirements. Trademarks include the Forest Stewardship Council and Rainforest Alliance/SmartWood names, acronyms (FSC), logos, labels, and seals. This checklist is directly based on the FSC labeling standard (FSC-STD-40-201 <i>FSC on-product labeling requirements</i> (version 2.0) and FSC-TMK-50-201 V1-0	

<i>FSC Requirements for the Promotional Use of the FSC Trademarks by FSC Certificate Holders. References to the specific FSC document and requirement numbers are included in parenthesis at the end of each requirement. (Rainforest Alliance Certified Seal = RAC seal).</i>	
General	
COC 5.1: FME shall have procedures in place that ensure all on-product and off product FSC/Rainforest Alliance trademark use follows the applicable policies:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: Procedures are described in the Forest Tax Law handbook "Chain of Custody" section. The Forest Certification Coordinator contacts SmartWood for use of trademarks on the DNR website.	
COC 5.2: FME shall have procedures in place and demonstrate submission of all FSC/Rainforest Alliance/SmartWood claims to SmartWood for review and approval prior to use, including" <ul style="list-style-type: none"> a) On-product use of the FSC label/RAC seal; b) Promotional (off-product) claims that include the FSC trademarks ("Forest Stewardship Council", "FSC", checkmark tree logo) and/or the Rainforest Alliance/SmartWood trademarks (names and seal)(50-201,2.3). 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: Certification is mentioned on the DNR website but not on any printed material. DNR obtained SmartWood approval for trademark use. There were no new uses since the last annual audit.	
COC 5.3: FME shall have procedures in place and demonstrates that all trademark review and approval correspondence with SmartWood is kept on file for a minimum of 5 years (40-201, 1.10; 50-201, 2.4):	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: All approval records are maintained by WIDNR. Long-term records are kept in electronic backup for greater than 5 years.	

Off-product / Promotional	
<input type="checkbox"/> Check if section not applicable (FME does not, and does not plan to use the FSC trademarks off-product or in promotional pieces)	
Note: promotional use items include advertisements, brochures, web pages, catalogues, press releases, tradeshow booths, stationary templates, corporate promotional items (e.g., t-shirts, cups, hats, gifts).	
When applicable to the FME's promotional/off-product use of the trademarks, the criteria below shall be met:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: Trademark use by WIDNR has been approved by SmartWood. A DNR website search by the auditor indicated conformance with CoC 5.4-5.9.	
COC 5.4: If the FSC trademarks are used for promotion of FMUs, FME shall limit promotion to FMUs covered by the scope of the certificate.	
COC 5.5: In cases that the Rainforest Alliance trademarks are used (50-201, 13.1, 13.2): <ul style="list-style-type: none"> a) The FSC trademarks shall not be at a disadvantage (e.g., smaller size); b) The FSC checkmark tree logo shall be included when the RAC seal is in place. 	
COC 5.6: In cases that the FSC trademarks are used with the trademarks (logos, names, identifying marks) of other forestry verification schemes (SFI, PEFC, etc.), SmartWood approval shall be in place (50-201, 3.0).	
COC 5.7: Use of the FSC trademarks in promotion of the FME's FSC certification shall not imply certain aspects are included which are outside the scope of the certificate (50-201, 1.6).	
COC 5.8: Use of the FSC trademarks on stationery templates (including letterhead, business cards, envelopes, invoices, paper pads) shall be approved by SmartWood to ensure correct usage (50-201, 12.0).	
COC 5.9: In cases that the FSC trademarks are used as part of a product name, domain name, and/or FME name, SmartWood approval shall be in place (50-201, 9.0, 10.0).	

On-product	
<input checked="" type="checkbox"/> Check if section not applicable (FME does not, and does not plan to apply FSC labels on product)	

APPENDIX V: FSC Annual Audit Reporting Form: (confidential)

Forest management enterprise information:			
FME legal name:	State of Wisconsin Department of Natural Resources		
FME Certificate Code:	SW-FM/CoC – 003626		
Reporting period	Previous 12 month period	Dates	09/01/2009 – 08/31/2010

1. Scope Of Certificate	
Type of certificate: group	SLIMF Certificate: Small SLIMF
Annual Sales Information	
Total Sales/ Turnover	\$17,357,016.20
Volume of certified product sold as FSC certified (i.e. FSC claim on sales documentation) (previous calendar year)	53,338 m3
Value of certified product sold as FSC certified (i.e. FSC claim on sales documentation) (previous calendar year)	\$17,357,016.20

2. FME Information	
<input type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Forest zone	Temperate
Certified Area under Forest Type	Natural
- Natural	867,616 hectares
- Plantation	0 hectares
- Semi-natural, mix of plantation and natural forest	64,136 hectares
Stream sides and water bodies	Linear Kilometers

3. Workers	
Number of workers including employees, part-time and seasonal workers:	
Total number of workers	394 workers
- Of total workers listed above	315 Male 79 Female
Number of serious accidents	52
Number of fatalities	1

4. Forest Area Classification	
<input type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Total certified area	931,753 hectares
Total forest area in scope of certificate	806,489 hectares
Ownership Tenure	Private ownership
Management tenure:	private management
Forest area that is:	
Privately managed	806,489 hectares
State/Public managed	hectares
Community managed	hectares
Area of production forests (areas where timber may be harvested)	806,489 hectares
Area without <u>any</u> harvesting or management activities: strict forest reserves	352 hectares

5. High Conservation Values identified via formal HCV assessment by the FME and respective areas

No changes since previous report (if no changes since previous report leave section blank)

Code	HCV TYPES ¹	Description: Location on FMU	Area
HCV1	Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).		ha
HCV2	Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.		ha
HCV3	Forest areas that are in or contain rare, threatened or endangered ecosystems.		ha
HCV4	Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		ha
HCV5	Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		ha
HCV6	Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		ha
TOTAL HCVF AREA			ha
Number of sites significant to indigenous people and communities			

6. Highly Hazardous Pesticide Use

FME has a valid FSC derogation for use of a highly hazardous pesticide	<input type="checkbox"/> YES (if yes, fill in below) <input checked="" type="checkbox"/> NO
Number of FSC highly hazardous pesticides used in last calendar year	0
Liters of FSC highly hazardous pesticides	0 liters
Number of hectares treated with FSC highly hazardous pesticides	0 hectares

¹ The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at <http://hcvnetwork.org/library/global-hcv-toolkits>.

APPENDIX VI: SmartWood Database Update Form

Instructions: For each FSC certificate, SmartWood is required to upload important summary information about each certificate to the FSC database (FSC-Info). During each annual audit SW auditors should work with the certificate holder to verify that the information posted on FSC-Info is up to date as follows:

1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (<http://www.fsc-info.org>)
2. Review information with the FME to verify all fields are accurate.
3. If changes are required (corrections, additions or deletions), **note only the changes** to the database information in the section below.
4. The changes identified to this form will be used by the SW office to update the FSC database.

Is the FSC database accurate and up-to-date? YES NO
(if yes, leave section below blank)

Client Information (contact info for FSC website listings)

Organization name			
Primary Contact		Title	
Primary Address		Telephone	
Address		Fax	
Email		Webpage	

Forests

Change to Group Certificate	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Change in # of parcels in group	42,892 total members
Total certified area		Hectares (or)	2,302,403 Acres

Species (note if item to be added or deleted)

Scientific name	Common name	Add/Delete

Products

Product type	Description	Add/Delete

APPENDIX VII: Group management conformance checklist (confidential)

Group Certification Requirements	
GC 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"/>
Findings: WI DNR acts as the group manager. As an agency of the State of Wisconsin, WI DNR is an established legal entity with authority to represent the relevant parties legally with regards to certification.	
GC 2: The group manager has made a full disclosure of all forest areas over which the GM has some responsibility, whether as owner (including share or partial ownership), manager, consultant or other responsibility. Justification for exclusion of forestlands from certified pool has been provided.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: The group manager has made a full disclosure of all forest areas for which WI DNR has some responsibility (see "Non Pool Forestlands" section below). Justification for exclusion of these forestlands (size >1,000 ha, or owner "opt out") has been provided.	
GC 3: 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"/>
Findings: Legal or regulatory authority for WI DNR is presented in Section 77.80 of the Wisconsin Statutes. The Forest Tax Law Handbook (2450.5) provides detailed instructions on the administration of the MFL program.	
WI DNR staff are adequately qualified, trained and equipped to carry out their MFL program responsibilities.	
GC 4: The responsibilities of the group manager and group members are clearly defined and documented, e.g., with respect to management planning, monitoring, harvesting, quality control, marketing, processing, etc.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: Responsibilities for all parties are spelled out in Chapter 21 of the Forest Tax Law handbook.	
GC 5: Group membership requirements are documented and include: a) Procedures and rules of entry and exit from the certified pool b) Procedures for the notification of SW of changes in membership within 30 days of changes.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: a) Entry and exit rules are described in Chapter 21 of the Forest Tax Law handbook. b) With almost 42,000 members the group membership is dynamic. The group roster is updated annually at the end of February and posted on the Web. When WisFIRS database is operational SmartWood will be given on-line access to check for the current ("real time") membership if desired.	
GC 6: A 'consent form' or its equivalent has been signed by each group member The consent form at a minimum: a) acknowledges and agrees to the obligations and responsibilities of group membership; b) agrees to group membership for the full period of validity of the group certificate; and c) authorizes the group manager to apply for certification on the member's behalf. d) acknowledges SmartWood and FSC's right to access their forest for evaluation and monitoring	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Findings: 1. MFL members as of the initial assessment (September 2008). In September 2008 a letter was sent to all landowners describing the new MFL certification group and group member responsibilities and rights of SmartWood/FSC access, along with web links to the FSC standard. Landowners who did not wish to participate were required to "opt out" of the program in writing. The Precondition Verification Audit report (November 7, 2008) describes this process in detail and found that this approach was found to met the requirements of this indicator. For new members, the consent form is part of the MFL application form. 2. New and renewing MFL members. a) In signing the MFL application and management plan the landowner agrees to MFL requirements,	

<p>which includes the obligations and responsibilities of group membership. The details of these requirements are provided in the DNR certification web link http://dnr.wi.gov/forestry/certification/MFL.html. Landowners may opt out of the FSC group.</p> <p>b) Signing the management plan is a 25-year commitment to DNR and FSC requirements.</p> <p>c) The application and management form authorize DNR's enrollment of the property in the certified group.</p> <p>d) The signed application authorizes DNR and "its agents" (FSC, SmartWood, or others designated by DNR) to access the property.</p>	
<p>GC 7: Group manager has provided each group member with documentation including:</p> <p>a) The applicable forest stewardship standard</p> <p>b) An explanation of the certification process</p> <p>c) An explanation of group membership requirements</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Findings:</p> <p>a & b) Links to the applicable FSC standard and certification process are included at http://dnr.wi.gov/forestry/certification/MFL.html. This URL and a hot link are included in the new management plan template.</p> <p>c) Group membership requirements are included as explained in GC 6.</p>	
<p>GC 8: Group manager has a policy and practice for monitoring of the properties in the certified pool to ensure that they are meeting the FSC P&C and group membership requirement?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Findings: Service foresters monitor harvesting activities in conjunction with cutting notices and when other required practices described in the management plans are due. Recommended (optional) practices are not routinely monitored, except when landowners request assistance or if there is a mandatory site visit for another activity. DNR has developed a voluntary reporting program for pesticide use, requires DNR and cooperating foresters to report on pesticide use (see findings for CAR 06/08), and collects data on pesticide use as part of its Cooperating Forest Management (CFM) reporting process. Pesticide data from applications involving DNR foresters were supplied to the auditor. Reports from cooperating foresters are not due to DNR until 11-1-2010 (this will be the first annual report to DNR). DNR does not have a program for monitoring where and when non-native species are planted (e.g., herbaceous species for erosion control) (see Appendix III, Criterion 6.6).</p>	
<p>GC 9: The group manager has a system for maintaining the following records up to date at all times:</p> <p>a) List of names and addresses of group members, together with date of entry into group certification scheme;</p> <p>b) Maps of all forest areas included in the group certification;</p> <p>c) Records demonstrating tenure of group members;</p> <p>d) Evidence of consent of all group members, preferably in the form of a signed 'consent form'</p> <p>e) Relevant documentation and records regarding forest management of each group member (e.g. management plans, summary information regarding silvicultural system, management operations, volume production);</p> <p>f) Records demonstrating the implementation of any internal control or monitoring systems. Such records shall include records of internal inspections, non-conformance identified in such inspections, actions taken to correct any such non-conformance;</p> <p>g) Relevant documentation regarding production and sales</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Findings: All relevant records described in GC 9a-g are maintained by DNR. Historically DNR has relied on a paper record system based in the county offices with summary data maintained at the Madison office. DNR is moving to a fully electronic system for all management plans, maps, and other records (WisFIRS) which should be operational in 2011.</p>	

Certified Pool Participation List

- 1. Total # FMUs in the certified pool: 42,892**
- 2. Total area in Current Pool (ha. or acres): 2,302,403**

CERTIFIED POOL MEMBERSHIP TABLE

Due to the size of the certified group the table listing all members has not been included in the audit report. WIDNR provided SmartWood with a complete list of all members and applicable property data.

Note: For the purposes of the FSC assessment, a “group member” is equivalent to an individual property enrolled in the MFL program, also referred to as “MFL Orders” by WIDNR or “Forest Management Units” (FMUs) in this report.