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SmartLogging
2020 Annual Audit
Report for:

The Trust to
Conserve Northeast
Forestlands

in
Augusta, Maine, USA

Certificate code:	NC-SL-000001
Auditors:	John Auel, Lead Auditor Gabriel Bolton, Auditor
Audit Dates:	February 2 – March 16, 2021
Report Finalized:	May 14, 2021
Certificate issue/expiry:	Issued: April 1, 2017 Expiry: March 31, 2022
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1. INTRODUCTION

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

Preferred by Nature audit reports include information which will become public information. Sections 1-3 will be posted on Preferred by Nature's website. All appendices will remain confidential.

Dispute resolution: If Preferred by Nature's clients encounter organizations or individuals having concerns or comments about Preferred by Nature and our services, these parties are strongly encouraged to contact Preferred by Nature 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 the SLO's conformance with SmartLogging requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>; certificate maintenance recommended Upon acceptance of NCR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>: Conformance with Major NCR(s) required
Additional comments:	
Issues identified as controversial or hard to evaluate.	

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

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

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

2.3. Conformance with applicable corrective action requests

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

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

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

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

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

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

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

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

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

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

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

2.5. Audit observations

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

No observations were issued.

3. AUDIT PROCESS

3.1. Auditors and qualifications:

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

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

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

3.3. Sampling methodology:

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

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

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

3.4. Stakeholder consultation process

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

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

3.5. Changes to Certification Standards

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

APPENDIX I: List of visited sites (confidential)

APPENDIX II: List of stakeholders consulted (confidential)

APPENDIX III: SmartLogging standard conformance (confidential)

APPENDIX IV: Chain of Custody Conformance (confidential)

**APPENDIX V: Group management conformance checklist
(confidential)**

APPENDIX VI: Certified Group Membership List

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