

## AGREEMENT ON CONDITIONS FOR CERTIFICATION

### STATE OF INDIANA DNR-CLASSIFIED FOREST & WILDLANDS PROGRAM

The following Corrective Action Requests (CARs) have been stipulated by SCS to be part of the certification contract because of observed gaps with respect to one or more criteria:

#### PROPOSED CORRECTIVE ACTION REQUESTS (CARs) ATTACHED TO CERTIFICATION

<p><b>Nonconformity:</b> FSC Criterion 1.1, specifically Indicator 1.1.a, requires that forest management shall respect all national and local laws and administrative requirements. This requirement extends to forest operations and includes activities performed by loggers, log truck drivers, and other forest workers. Federal regulations (OSHA 1910.266(a)(d)(1)), as well as the ILO Guidelines for Safety and Health in Forestry Work (see FSC Criterion 1.3), require that loggers wear certain personal protective equipment (PPE) while harvesting trees. Loggers were observed, however, felling trees without all the necessary PPE and District Foresters indicated that this was not a unique occurrence.</p>	
<p><b>Minor CAR 2009.1</b></p>	<p>The Division of Forestry must: 1) develop a program for ensuring that personnel involved with harvest operations on certified Classified Forest Program properties wear the appropriate PPE for their assigned task; 2) provide evidence that input from representatives of the logging industry were consulted during program development; and 3) document that the program is being implemented.</p>
<p><b>Deadline</b></p>	<p>By the first annual audit</p>
<p><b>Reference</b></p>	<p>FSC Indicator 1.1.a</p>

<p><b>Nonconformity:</b> FSC Criterion 1.1, specifically Indicator 1.1.b, requires that forest management operations follow available best management practices (BMPs). Evidence of BMP non-compliance, however, was observed on several of the sites visited by the audit team and included such things as missing waterbars, incorrectly installed waterbars, and skidding logs in creeks. Some BMP non-compliance is detected during the Division's 5-year inspection process, but this system alone is not timely enough to ensure compliance with FSC Indicator 1.1.b.</p>	
<p><b>Minor CAR 2009.2</b></p>	<p>The Division of Forestry must: 1) develop a monitoring and enforcement program for ensuring that harvest operations on Classified Forest Program properties follow applicable BMPs, 2) demonstrate that appropriate Division of Forestry staff have been trained in program implementation, and 3) document that the program is being implemented.</p>
<p><b>Deadline</b></p>	<p>By the first annual audit</p>
<p><b>Reference</b></p>	<p>FSC Indicator 1.1.b</p>

<p><b>Nonconformity:</b> FSC Criterion 1.1, specifically Indicator 1.1.c, requires that forest management plans and operations meet or exceed all applicable laws and administrative requirements with respect to sharing public information, opening records to the public, and following procedures for public participation. It is not clear, however, how the Division of Forestry forming an FSC group of private landowners relates to this indicator. Is the Division, for example, required by State law or regulation to undergo a public participation process to organize and manage an FSC group? Some stakeholders, including landowners, have also asked if membership in the FSC group will entail any requirements for them to publicly share any management information beyond what is required by current Classified Forest Program regulations.</p>	
<p><b>Minor CAR 2009.3</b></p>	<p>The Division of Forestry must: 1) determine if Indiana laws or regulations require a public participation process to form an FSC group certification system based on the Classified Forest Program; 2) if such laws or regulations exist, develop a program for addressing applicable requirements; 3) document the implementation of such a program, if warranted, and 4) provide information to potential group members regarding the public information requirements, if any, associated with group membership.</p>
<p><b>Deadline</b></p>	<p>By the first annual audit</p>
<p><b>Reference</b></p>	<p>FSC Indicator 1.1.c</p>

<p><b>Nonconformity:</b> FSC Indicator 5.1.c requires that investment and/or reinvestment in forest management are sufficient to fulfill management objectives and maintain and/or restore forest health and productivity. Many landowners don't appear to invest in timber stand improvement (TSI), even when recommended in the management plan. In addition, management objectives tend to be vague in many management plans.</p> <p>As group managers, the Division of Forestry will need to reinvest in the forest by motivating the landowner to reinvest in things like TSI. We recognize that many District Foresters attempt to do this, but find it difficult to accomplish. The Division of Forestry will have to revitalize its efforts to motivate landowners to follow through on management plan recommendations through additional training and potentially financial incentives. The Division of Forestry may also need to hire more staff to implement FSC group management requirements.</p> <p>To ensure compliance with this indicator, the Division of Forestry will have to take steps to ensure that adequate investment in the forest is made and directed toward reaching the desired future condition of forest.</p>	
<p><b>Minor CAR 2009.4</b></p>	<p>The Division of Forestry must: 1) develop a program for defining and monitoring adequate investment and/or reinvestment in the forest at both the group level (e.g., the Division of Forestry's investment in staff and other resources) and parcel levels (i.e., evaluate incentives for landowners).</p>

<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 5.1.c

**Nonconformity:** FSC Indicator 6.1.a requires that using credible scientific analyses and local expertise, an assessment of current conditions is completed to include: disturbance regimes and successional pathways; unique, vulnerable, rare, and threatened communities; common plants, animals, and their habitats; sensitive, threatened, and endangered species and their habitats; water resources; and soil resources. FSC Indicator 6.1.b requires that using available science and local expertise, the current ecological conditions are compared to both the historical conditions and desired future conditions within the landscape context. This comparison is done by employing the baseline factors identified in 6.1.a.

Parcel level management plans typically contain very general descriptions of current conditions, although notable exceptions were observed. The team concludes that more attention needs to be paid to how current conditions will be assessed and described in management plans, appropriate to the scale and intensity of operations. We note that the revised draft management plan template shows progress toward this goal and takes further steps toward linking current forest conditions with management recommendations to achieve desired future conditions. The Division of Forestry will have to ensure that all District Foresters receive the proper training to ensure consistency among management plans. **Major CAR 2008.6, now closed, was written in response to a material failure to comply with Criterion 6.1. Minor CAR 2009.5 was, instead, issued in response to a perceived need to improve current practices related to Indicators 6.1.a and 6.1.b.**

<b>Minor CAR 2009.5</b>	The Division of Forestry must: 1) develop an approach to characterizing current and historic forest conditions at the landscape level (i.e., regional and/or state-wide) that can be applied to the group as a whole; 2) develop standardized protocols for describing current conditions and comparing them to historic conditions as management plans are prepared or updated; 3) demonstrate that District Foresters have been trained in the application of such protocols; and 4) develop and implement a quality assurance program to ensure that management plans conform to the protocols.
<b>Deadline</b>	By the first annual audit (CLOSED)
<b>Reference</b>	FSC Indicator 6.1.a and 6.1.b
<b>DOF Response</b>	Item 1) The Division of Forestry prepared a description of current and historic forest conditions at the landscape level in the Umbrella Management Plan for its FSC group; Item 2) The Division of Forestry finalized an updated template for new and updated management plans that includes standard protocols for describing current and historic forest conditions; Item 3) The updated management plan template has been provided to District Foresters and expectations for its use have been covered in Division meetings and in one-on-one meetings between District Foresters and supervisory staff;

	Item 4) The Division of Forestry has developed protocols for reviewing draft management plans developed under the new template.
<b>Auditor's Comments</b>	The updated draft management plan template was available during the initial audit in 2008. Following that audit, the template was finalized and distributed to District Foresters. During the November 2009 follow-up audit, District Foresters indicated that they had been trained in the use of the template and example current management plans were provided for inspection.
<b>Status</b>	CLOSED

<b>Nonconformity:</b> FSC Indicator 6.1.c requires that prior to the commencement of management activities potential short-term environmental impacts and their cumulative effects are evaluated. FSC Indicator 6.1.d requires that using assessments derived from 6.1.c, management options are developed and implemented to achieve the long-term desired future conditions and ecological functions of the forest. Based on our site visits, our conclusion is that pre-harvest environmental impacts are addressed on a cursory basis by consulting or industry foresters, when used on a job, or (more commonly) by the logging contractor. As group managers, the Division of Forestry will have to develop a process for ensuring that short-term environmental impacts are addressed and mitigated where possible prior to harvest operations. <b>Major CAR 2008.6, now closed, was written in response to a material failure to comply with Criterion 6.1. Minor CAR 2009.6 was, instead, issued in response to a perceived need to improve current practices related to Indicators 6.1.c and 6.1.d.</b>	
<b>Minor CAR 2009.6</b>	The Division of Forestry must: 1) develop a process for ensuring that short-term environmental impacts are evaluated prior to harvest operations and that management options are developed and implemented to achieve desired long-term future conditions; 2) develop and implement any necessary training programs for appropriate forest workers; and 3) demonstrate that the process is being implemented.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 6.1.c and 6.1.d
<b>DOF Response</b>	Item 1) The Division of Forestry's process for evaluating short-term environmental impacts is described in Major CAR 2008.6; methods for addressing long-term future condition of the forest are addressed in Minor CAR 2009.5; Item 2) District Foresters have received training in implementation of updated protocols related to environmental impact assessment and management plan preparation; as noted in Major CAR 2008.6, District Foresters will also hold pre-harvest meetings with logging contractors and industry/consulting foresters, during which time these professionals will receive training related to avoiding environmental impacts and management plan implementation; Item 3) Evidence that the new protocols were being implemented

	was provided during the November 2009 follow-up audit.
<b>Auditor's Comments</b>	The Division of Forestry's protocols for addressing short-term environmental impacts is based on improved management plans, increased consistency in management plans, renewed emphasis on BMPs, training, and having District Foresters involved with harvest planning and execution via the pre-harvest conference, at least one site visit during harvest operations, and a post-harvest inspection.
<b>Status</b>	CLOSED

**Nonconformity:** FSC Indicator 6.2.b requires that if scientific data indicate the likely presence of state and/or Federally listed as threatened, endangered, or special concern, or sensitive populations, either new surveys are carried out before field management activities begin or the forest owner or manager assumes their presence and makes appropriate modifications in forest management. As previously noted, the Division of Forestry had no involvement in harvest operations at the time of the initial audit, so it couldn't assure compliance with this indicator at the time.

<b>Minor CAR 2009.7</b>	The Division of Forestry must develop a process for ensuring that landowners and forest workers are made aware of the presence of state and/or Federally listed as threatened, endangered, or special concern species, or sensitive populations, when they occur, prior to harvest operations.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 6.2.b

**Nonconformity:** FSC Indicator 6.2.d, states that "Where they have been identified, state and/or Federally listed as threatened, endangered, of special concern, or sensitive species and their habitats are maintained and/or restored. Multiple-use management activities are acceptable, where the law allows, in these species' habitat areas to the extent that they are compatible with maintenance and restoration of the species." As the Division of Forestry currently lacks a process for making landowners and forest workers aware of the presence of state and/or federally listed RTE species as per Minor CAR 2009.7, it cannot verify whether or not all affected group member management plans address appropriate management activities consistent with the maintenance and/or restoration of RTE species and their habitats.

<b>Minor CAR 2009.8</b>	The Division of Forestry must develop a process for ensuring that acceptable management options are developed on group member properties in identified RTE species' habitat areas to the extent that these options are compatible with the maintenance and/or restoration of the species.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 6.2.d and Minor CAR 2009.7

**Nonconformity:** FSC Indicator 6.3.a.2 requires that silvicultural practices encourage regeneration that moves the forest toward a desired future condition, consistent with information gathered in 6.3.a.1. Although light harvests are beneficial regarding some

<p>environmental indicators, removals that are too light may not result in adequate regeneration of desired species. The Division of Forestry is renewing its commitment to focusing on the desired future condition of stands when preparing or reviewing management plans. As part of this effort, additional attention should be given to the regeneration of stands, where appropriate, as they relate to long-term desired future conditions.</p>	
<p><b>Minor CAR 2009.9</b></p>	<p>The Division of Forestry must: 1) use available data (e.g., the recent analysis of FIA data) to evaluate the long-term stand development trajectory of group member properties as a whole, given current forest conditions, typical harvest practices, and expected successional patterns for dominant forest types; 2) evaluate the need for more long-term attention to regeneration harvests in dominant forest types (e.g., oaks, maples, etc.); 3) if such attention is warranted, evaluate the need for additional silvicultural training or guidelines related to regeneration harvests; and 4) implement such training and/or prepare and disseminate such guidelines, if warranted.</p>
<p><b>Deadline</b></p>	<p>By the second annual audit</p>
<p><b>Reference</b></p>	<p>FSC Indicator 6.3.a.2</p>

<p><b>Nonconformity:</b> FSC Indicator 7.1.i requires that the management plan include a description and justification of harvesting techniques and equipment to be used. Indicator 7.1.i.1 requires that harvest machinery and techniques are discussed in the management or harvest plan. Indicator 7.1.i.2 further requires that conditions for each timber sale are established by a timber sale contract or written harvest prescription and accompanying timber sale map. Many parcels don't have harvest plans, unless they are prepared by a consulting forester or industry forester. Most operations in Indiana use the same equipment (i.e., chainsaw and skidder), so model discussions of typical harvest protocols for these systems could be handled at the group level. The team notes that harvest plans should be appropriate to the scale and intensity of operations, which is often a low-impact logging situation. The team also notes that the Division of Forestry provides landowners with model harvesting contracts.</p>	
<p><b>Minor CAR 2009.10</b></p>	<p>The Division of Forestry must: 1) develop a system for ensuring that management or harvest plans contain a description and justification of harvesting techniques and equipment to be used; and 2) take steps to ensure that the conditions for each timber sale on group member properties is established in a timber sale contract or written harvest prescription with an accompanying timber sale map.</p>
<p><b>Deadline</b></p>	<p>By the first annual audit</p>
<p><b>Reference</b></p>	<p>FSC Indicator 7.1.i and 7.1.i.2</p>

**Nonconformity:** As per Minor CARs 2009.7 and 2009.X, the Division of Forestry lacks processes for ensuring that landowners and forest workers are made aware of the presence of state and/or Federally listed RTE species and that management options are developed to maintain and/or restore RTE species and their habitats. Group members

will need to be trained in how to implement these processes once they have been developed.	
<b>Minor CAR 2009.11</b>	The Division of Forestry must develop and implement any necessary training programs for landowners and forest workers related to the implementation of RTE processes developed in Minor CARs 2009.7 and 2009.8.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 7.3.a, Minor CAR 2009.7, and Minor CAR 2009.8

<b>Nonconformity:</b> FSC Indicator 8.1.a requires that the frequency of monitoring activities follows the schedule outlined in the management plan. Monitoring frequency is rarely – if ever – discussed in the management plans. Most properties are small, however, and would be eligible for informal, qualitative assessments. Many monitoring activities can be done at the landscape (i.e., group) level (i.e., FIA data). The Division of Forestry, though, needs to clarify the monitoring activities that will be associated with its FSC group at the parcel level. See also <b>Major CAR 2008.15 (CLOSED)</b> .	
<b>Minor CAR 2009.12</b>	The Division of Forestry must: 1) determine what monitoring activities are appropriate at the parcel level (see <b>Major CAR 2008.15 [CLOSED]</b> ); 2) develop a system for ensuring that such monitoring activities are being carried out, including their frequency; and 3) develop any necessary training programs that are required to carry out such monitoring activities.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 8.1.a

<b>Nonconformity:</b> Group management Indicator C.1.b requires that the <u>group entity's</u> responsibilities, for example with respect to management planning, monitoring, harvesting, quality control, marketing, processing, etc., shall be clearly defined and documented. We note that this criterion relates closely to elements discussed in <b>Major CAR 2008.3 (CLOSED)</b> .	
<b>Minor CAR 2009.13</b>	In addition to complying with <b>Major CAR 2008.3 (CLOSED)</b> , the Division of Forestry must: 1) develop and implement a system for regularly assuring that Division of Forestry staff are aware of, and follow through on, their responsibilities related to management planning, monitoring, harvesting, quality control, marketing, and processing.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	Group C.1.b

<b>Nonconformity:</b> Group management Indicator C.2.b requires the <u>group members'</u> management responsibilities, for example with respect to management planning, monitoring, harvesting, quality control, marketing, processing, etc. shall be clearly defined and documented.	
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<b>Minor CAR 2009.14</b>	In addition to complying with <b>Major CAR 2008.3 (CLOSED)</b> , the Division of Forestry must: 1) develop and implement a system for regularly assuring that group members are aware of, and follow through on, their responsibilities related to management planning, monitoring, harvesting, quality control, marketing, and processing.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	Group C.2.b

**Nonconformity:** FSC Criterion 1.1 requires that forest management shall respect all national and local laws and administrative requirements. Indiana's Classified Forest & Wildlands Program requires that management plans be updated every 10 years and that landowners agree to follow their plan. Some plans, however, were found to be out-of-date, resulting in the issuance of Major CAR 2008.1. The Division of Forestry successfully addressed Major CAR 2008.1 by providing a timetable and methodology for bringing out-of-date plans into compliance. This Minor CAR, however, is being issued to provide an opportunity for ensuring that the proposed methodologies are being implemented.

<b>Minor CAR 2009.15</b>	The Division of Forestry must: 1) report on the results of efforts to complete missing management plans and to update inadequate plans; and 2) provide auditor access to copies of recently completed or updated management plans.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 1.1.a.

**Nonconformity:** FSC Criterion 6.9 requires that the use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts. Criterion 6.9 can apply to such activities as planting, erosion control seed mixes, and wildlife food plots. Major CAR 2008.12 required the Division of Forestry to inform group members of the requirements of Criterion 6.9, develop a system for monitoring use of exotic species on group member properties, and investigating alternatives to using exotic species, where possible. The Division of Forestry successfully addressed Major CAR 2008.12 and this Minor CAR is issued to ensure that proposed methodologies are being implemented.

<b>Minor CAR 2009.16</b>	The Division of Forestry must: 1) provide evidence documenting that landowners have been informed of requirements related to the use of exotic species; 2) provide a summary of the results of monitoring of exotic species use on group member properties; 3) report on efforts to identify acceptable uses of exotic species (e.g., where adverse ecological impacts are not expected); and 4) report on efforts to identify alternatives to using exotic species.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Indicator 6.9.d.

**Nonconformity:** FSC Criterion 8.3 requires that documentation shall be provided to enable monitoring and certifying organizations to trace each forest product from its

<p>origin, a process known as "chain-of-custody". Major CAR 2008.16 was issued, requiring the Division of Forestry to develop a system for tracking forest products harvested from group member properties to the next point in the certification chain when claims of FSC-certified product are sought. The Division of Forestry addressed Major CAR 2008.16 by developing chain-of-custody protocols for group members. Appendix 1 of the protocols listed manufactured products (e.g., tool handles, kitchenware, and furniture) and non-timber forest products (e.g., nuts, plant parts, and maple sugar). A combined Forest Management and Chain-of-Custody certificate, however, only covers logs and chips and separate methodologies and auditing procedures are required for manufactured goods or non-timber forest products.</p>	
<b>Minor CAR 2009.17</b>	The Division of Forestry must: 1) revise their chain-of-custody procedures to reflect only the sale of logs or chips; and 2) revise the product list to only include logs or chips.
<b>Deadline</b>	By the first annual audit
<b>Reference</b>	FSC Criterion 8.3

<p><b>Background/Justification:</b> FSC Indicator 1.1.b requires that forest management plans and operations comply with state Best Management Practices (BMPs) and other forest management guidelines applicable to the forest, both voluntary and regulatory (see also Criterion 6.5). During the site visits, some District Foresters did not demonstrate a detailed understanding of applicable BMPs. While potentially understandable because they do not normally supervise harvest operations, management of an FSC group would be facilitated through a better understanding of BMPs. The same is true for seasonal interns or other staff conducting 5-year property inspections and logging contractors.</p>	
<b>REC 2009.1</b>	We recommend that the Division of Forestry: 1) evaluate the need for additional BMP training for District Foresters; 2) develop and implement appropriate training programs for District Foresters, if warranted; 3) review and revise, as necessary, BMP training requirements for seasonal interns or other staff conducting 5-year property inspections, and 4) offer BMP training to logging contractors or support existing efforts by other parties in the State that provide such training.
<b>Reference</b>	FSC Indicator 1.1.b

<p><b>Background/Justification:</b> FSC Indicator 1.6.b requires that forest owners or managers document the reasons for seeking partial certification. The Division of Forestry has eligibility criteria for membership in the Classified Forest Program FSC certification pool. There may, however, be small areas of eligible, but unclassified, forests on parcels that are enrolled in the Classified Forest Program. The team believes that this would be a small acreage, but recommend that the Division identify such parcels on group member properties and encourage their enrollment in the Classified Forest Program.</p>	
<b>REC 2009.2</b>	We recommend that the Division of Forestry: 1) develop a program for screening member properties to determine if they contain any forested areas that are eligible to be enrolled in the Classified Forest

	Program but that are as yet un-enrolled; and 2) take steps to encourage the enrollment of such areas or document reasons why the landowner does not which to undertake such actions.
<b>Reference</b>	FSC Indicator 1.6.b

<b>Background/Justification:</b> FSC Indicator 2.1.a requires that forest owners or managers document the legal and customary rights associated with the forest. These rights include both those held by the party seeking certification and those held by other parties. Based on management plans inspected to date and interviews with District Foresters, it appears that most legal rights are described in the management plan, including leases, easements, County roads, oil and gas wells and lines, and County drainage easements. The team recommends, however, that the need to include these legal rights, as well as any customary rights, in the management plan for each parcel should be reinforced with District Foresters, industry foresters, and consulting foresters.	
<b>REC 2009.3</b>	We recommend that the Division of Forestry: 1) inform District Foresters, industry foresters, and consulting foresters of the need to document legal and customary use rights in the management plan; and 2) develop a quality assurance program for ensuring that such information is included in all management plans.
<b>Reference</b>	FSC Indicator 2.1.a
<b>Background/Justification:</b> FSC Indicator 3.1.a requires that on tribal lands, forest management and planning includes a process for input by an authorized tribal governing body. Tribal enterprises are known to be buying land in Indiana, and these properties <u>may</u> be enrolled in the Classified Forest Program. Tribal enterprise lands would be subject to the requirements found in Principle 3 that relate to tribal lands.	
<b>REC 2009.4</b>	We recommend that the Division of Forestry: 1) screen their Classified Forest Program database for lands owned by tribal enterprises and see what processes exist for soliciting input by an authorized tribal governing body. If such lands are found, we recommend that the Division of Forestry take all steps necessary to ensure compliance with relevant aspects of Principle 3.
<b>Reference</b>	FSC Indicator 3.1.a

State of Indiana DNR agrees to implement the above-specified corrective action requests within the stipulated time-frame, unless modified by SCS.

SIGNATURE

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Authorized Representative of State of  
Indiana DNR- Classied Forest

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Title

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Date

\_\_\_\_\_  
Print or Type Name

*\*Please sign and fax back to SCS at 510-236-8598*