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Scientific Certification Systems – Forest Conservation Program

Chain of Custody Certification Report
for:

**Indiana Department of Natural Resources-
Division of Forestry¹**

**SCS-COC-002041
SCS-CW-002041**

Type of Audit: 2nd Annual Surveillance
(Evaluation, 1st, 2nd, 3rd, 4th Surveillance, Re-Evaluation, Expansion of Scope)
Audit for the Year 2011

Date Report Finalized: July 15, 2011
Date of Current Certificate Issuance: 13 January 2009

Contact person for certificate¹:	Carl Hauser
Organization Street Address:	402 West Washington Street
Zip or Postal Code:	46204-2739
City, State, Country:	Indianapolis, Indiana USA
Phone:	317-232-4114
Fax:	317-233-3863
Email:	chauser@dnr.in.gov
Website:	www.in.gov/dnr/forestry

¹ Legal name of company and trade name(s) where applicable



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SECTION 1: Introduction

FSC Chain of Custody certification is a quality assurance to your customers that your products have positive environmental attributes that are backed by a global system of verification. When you receive an FSC Chain of Custody certificate, you gain the right to use the FSC logo and trademarks both on your products and in business and marketing communications. The certification label helps both businesses and customers make purchasing decisions that support sound forest management.

SCS developed its [Forest Conservation Program](#) in 1991 and has since emerged as a leading certifier of forest management operations and wood product manufacturers. In 1996, SCS became one of the first certification bodies in the world to be [Forest Stewardship Council](#) (FSC) accredited. Through a well-developed network of regional representatives and contractors, SCS offers timely and cost-effective certification services around the world.

This report presents the summary findings of the SCS auditor who has evaluated your organization's systems and performance against the applicable FSC Chain of Custody standard(s), and PEFC where applicable. PEFC is the [Programme for the Endorsement of Forest Certification](#).

This report also summarizes the findings of the SCS staff member who is responsible for making the final certification decision based on this report and any additional relevant information. The checklist(s) in the Appendix present the auditor's findings, demonstrating compliance or non-compliance with each element of the FSC certification standard(s) used for the evaluation.

Section 3 below presents the audit conclusions. If there are any necessary follow-up actions required by your organization, these are outlined in a separate Corrective Action Request form sent with this report. In order to achieve and maintain FSC Chain of Custody certification it is important that all non-compliances are resolved by their stated deadlines.

If you have any questions, comments, or concerns about SCS's Chain of Custody Program, please feel free to contact any member of the SCS chain of custody program.

Adam Wiskind

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SECTION 2: Organization Information

PART 2A: Certificate Scope																			
Number of sites included in the certificate scope: Excluding outsourcers	50 and the Group Entity, Indiana DoF <input checked="" type="checkbox"/> <i>Changed since previous audit</i>																		
Standards used in assessment of the organization: Check all that apply, for any & all sites	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 45%;">FSC-STD-40-004 v2-0</td> <td>FSC Chain of Custody Standard</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>FSC-STD-40-003 v1-0</td> <td>Multi-site CoC Certification</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>FSC-STD-40-005 v2-1</td> <td>Company Evaluation of Controlled Wood</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>FSC-STD-40-007 v1-0</td> <td>Sourcing Reclaimed Material</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>FSC-POL-40-002</td> <td>Group Chain of Custody</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>PEFC Annex 4</td> <td>Chain of Custody Requirements</td> </tr> </table> <p style="text-align: right;"><input type="checkbox"/> <i>Changed since previous audit</i></p>	<input checked="" type="checkbox"/>	FSC-STD-40-004 v2-0	FSC Chain of Custody Standard	<input type="checkbox"/>	FSC-STD-40-003 v1-0	Multi-site CoC Certification	<input checked="" type="checkbox"/>	FSC-STD-40-005 v2-1	Company Evaluation of Controlled Wood	<input type="checkbox"/>	FSC-STD-40-007 v1-0	Sourcing Reclaimed Material	<input checked="" type="checkbox"/>	FSC-POL-40-002	Group Chain of Custody	<input type="checkbox"/>	PEFC Annex 4	Chain of Custody Requirements
<input checked="" type="checkbox"/>	FSC-STD-40-004 v2-0	FSC Chain of Custody Standard																	
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<input checked="" type="checkbox"/>	FSC-POL-40-002	Group Chain of Custody																	
<input type="checkbox"/>	PEFC Annex 4	Chain of Custody Requirements																	
The scope of this certificate includes the following: Check all that apply	<p>Forestry</p> <p><input type="checkbox"/> Forest Management Operation holding FSC FM/COC certificate</p> <p>Manufacturing: (with retail, wholesale, or other processes)</p> <p><input checked="" type="checkbox"/> Primary Organization uses round wood (logs) as inputs or does pulp or paper milling</p> <p><input type="checkbox"/> Secondary Organization does not use round wood as inputs nor does it conduct pulp or paper milling (Secondary manufacturers includes printers)</p> <p>Trading only:</p> <p><input type="checkbox"/> Desk Trades in product <u>without</u> physical possession</p> <p><input type="checkbox"/> Wholesale Distributes product <u>with</u> physical possession</p> <p><input type="checkbox"/> Retail Sells to end-user with physical possession</p> <p style="text-align: right;"><input type="checkbox"/> <i>Changed since previous audit</i></p>																		
Type of Facility (main site): e.g. Sawmill, Paper mill, Lumber Broker, Wholesaler, Retailer, Distribution Facility, Warehouse, Paper Converter, Printer	Indiana State, Department of Natural Resources, Division of Forestry offices																		
Approximate number of employees (main site): Full-time equivalent employees	165 Statewide <input checked="" type="checkbox"/> <i>Changed since previous audit</i>																		

<p>FSC Annual Accreditation Administration Fee (AAF) Class based on combined turnover of <u>all</u> sites included in certificate scope:</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>I:</td><td><\$200,000 USD</td></tr> <tr><td><input type="checkbox"/></td><td>II:</td><td>\$200,000 to \$1,000,000 USD</td></tr> <tr><td><input type="checkbox"/></td><td>III:</td><td>\$1,000,000 to \$5,000,000 USD</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>IV:</td><td>\$5,000,000 to \$25,000,000 USD Original Estimate of Group Sales</td></tr> <tr><td><input type="checkbox"/></td><td>V:</td><td>\$25,000,000 to \$100,000,000 USD</td></tr> <tr><td><input type="checkbox"/></td><td>VI:</td><td>\$100,000,000 to 500,000,000 USD</td></tr> <tr><td><input type="checkbox"/></td><td>VII:</td><td>500,000,000 to 1,000,000,000 USD</td></tr> <tr><td><input type="checkbox"/></td><td>VIII:</td><td>>1,000,000,000 USD</td></tr> </table> <p>N/A State of Indiana Organization shall disclose annual sales of all products containing wood fiber. This information is used for the purposes of calculating the AAF (Accreditation Administration Fee) for FSC. The information is treated as confidential.</p> <p style="text-align: right;"><input type="checkbox"/> <i>Changed since previous audit</i></p>	<input type="checkbox"/>	I:	<\$200,000 USD	<input type="checkbox"/>	II:	\$200,000 to \$1,000,000 USD	<input type="checkbox"/>	III:	\$1,000,000 to \$5,000,000 USD	<input checked="" type="checkbox"/>	IV:	\$5,000,000 to \$25,000,000 USD Original Estimate of Group Sales	<input type="checkbox"/>	V:	\$25,000,000 to \$100,000,000 USD	<input type="checkbox"/>	VI:	\$100,000,000 to 500,000,000 USD	<input type="checkbox"/>	VII:	500,000,000 to 1,000,000,000 USD	<input type="checkbox"/>	VIII:	>1,000,000,000 USD
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<p>Language(s) of certificate:</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/> English</td> <td><input type="checkbox"/> Dutch</td> <td><input type="checkbox"/> Portuguese</td> </tr> <tr> <td><input type="checkbox"/> German</td> <td><input type="checkbox"/> Spanish</td> <td><input type="checkbox"/> Other</td> </tr> </table>	<input checked="" type="checkbox"/> English	<input type="checkbox"/> Dutch	<input type="checkbox"/> Portuguese	<input type="checkbox"/> German	<input type="checkbox"/> Spanish	<input type="checkbox"/> Other																		
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<p>Has organization been FSC CoC certified previously?</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>Not previously FSC CoC certified</td></tr> <tr><td><input type="checkbox"/></td><td>Transfer from other CB:</td></tr> <tr><td><input type="checkbox"/></td><td>Previous SCS CoC client with lapse in certification</td></tr> <tr><td><input type="checkbox"/></td><td>New SCS CoC client with lapse in certification, previous CB:</td></tr> </table>	<input type="checkbox"/>	Not previously FSC CoC certified	<input type="checkbox"/>	Transfer from other CB:	<input type="checkbox"/>	Previous SCS CoC client with lapse in certification	<input type="checkbox"/>	New SCS CoC client with lapse in certification, previous CB:																
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PART 2B: Overview of Organization	
<p>General description of organization: its operations, products and function of the sites.</p>	<p>The Group Entity is the State of Indiana, Department of Natural Resources-Division of Forestry (DOF). Within Indiana, there are 180,000 acres of FSC certified Indiana State Forests (state owned). Additionally, there are approximately 500,000 acres of privately owned "Classified" forests, with about 8,000 ownerships, which were FSC FM/COE certified by SCS in March 2010.</p> <p>The DOF had determined a small group certification should be created to supply the market for the FSC certified timber from these forests. A network of FSC CoC loggers/haulers, small sawmills, and veneer log processors has been established as FSC CoC certified as a small group, with the IN DoF acting as the Group Entity. These companies harvest and/or perform primary processing from timber (logs) taken mainly from these FSC certified forestlands.</p> <p>Two sets of sites are included in the Group certification: loggers and primary processors. Loggers remove timber as logs from certified forestland, and then deliver the logs directly to a mill or to their own concentration yard. Primary processors include sawmills and veneer log processors. Products produced include lumber, veneer, and a combination of sawdust, chips, and shavings. Mulch is also included on the product group list of several mills, but none has been sold as FSC to date.</p>

<p>Description of the system by which the organization maintains control over the Chain of Custody for all products included on the organization’s FSC product group list, covering:</p> <ul style="list-style-type: none"> a) Quality management b) Material sourcing c) Material receipt and segregation d) Volume control e) system for controlling FSC claims f) Sales and delivery g) Labeling (where applicable) h) Outsourcing (where applicable) 	<p>Ref. the FSC STD 40-002 V-1 checklist and audits attached. The DoF maintains its FSC Small Group organizational control as follows:</p> <ul style="list-style-type: none"> a. The DoF has created extensive Group Entity and Group Member procedures. The DoF has an experienced and well-qualified Group Administrator. The IN DoF has up-to-date systems to support the management of the Group FSC certification. The DoF audits each group member annually for compliance to the applicable standards. b. Material sourcing for Group members is prescribed in the Group procedures. Group members must purchase wood from either verified FSC suppliers or from documented controlled wood sources. c. All Group members are required to maintain segregation and identification of all FSC certified wood. Wood that is controlled or is included in a credit system must be identified on receipt and further marked as (or if) required by the applicable control system. d. Group members must report annually to the DoF all FSC purchases and sales of FSC logs, lumber, and veneer. Each member must have the capability to record and document all FSC material transactions. e. Each Group member must include, in that member’s product group list, the control system(s) it has adopted. The DoF has included the following control systems in the group members’ template procedures: Transfer, Percentage, and Credit. f. The DoF requires that Group member transportation and sales documentation include the DoF FSC CoC code/sub-code and the appropriate FSC claim. Transportation and sales documentation for FSC Controlled Wood must contain the DoF FSC CW code and the statement “FSC Controlled Wood”. g. All labeling of FSC products must be approved by SCS through the DoF. Approval records are maintained by the DoF. h. Outsourcing is not applicable to most all of the group members. It does apply to several veneer log processors that outsource the slicing of logs into veneer.
<p>Are there sites owned by the organization that are not included in the certificate scope?</p>	<p><input type="checkbox"/> No <input type="checkbox"/> Yes*</p> <p>Remarks: N/A The DoF does not own any of the Group member sites.</p> <p>*Certificate shall not be used for material handled at uncertified locations.</p>
<p>At the time of the audit, had the organization taken physical possession of FSC-certified material?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No, if there is a deemed risk that uncontrolled wood or fiber may enter the FSC Chain of Custody system an additional site audit will be required</p> <p><input checked="" type="checkbox"/> N/A, this is a Surveillance or Re-evaluation audit</p> <p><input type="checkbox"/> N/A, not normal business practice to take physical possession of material/product</p>

Wood / fiber purchased and sold over previous 12 months

For 1st evaluation, provide total wood/fiber purchased and sold

For all surveillance and re-evaluation audits, provide total FSC certified wood/fiber purchased and sold

Include units: volume, dry weight, or number of pieces as appropriate

Approx. quantity purchased:	10,362,399 Board Feet of Logs
Approx. quantity sold:	1,396,900 Board Feet of Lumber and Logs

FSC Product Group List for Organization (all sites). Data to be posted / updated on www.info.fsc.org:
 List here, or submit FSC product group list with report (may be included in company procedures)

Product Type Code FSC-STD-40-004a	Species of material inputs (full Latin name or code) FSC-STD-40-004b	FSC Material Category of Output	Common Trade Name (optional)
See DoF group product list template	Not included in the DoF Product Group Template		

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Part 2C: Outsourcing

N/A, does not use contractors for outsourced processing of FSC material/product

Contractors doing outsourced processing of FSC materials/products

Expand as necessary to include all outsourcers or submit a separate list (including all required information) with report

Name of Contractor	Contact information	Outsourced activity	Justification for outsourcing	Risk Level (High/Low) + explanation #*	Audited this year? (n/a if low risk)
Amos Hill (Kennedy Veneer) (Crone Lumber)	SCS CoC-002445,112 Shelby Avenue, Edinburgh, IN 46214	Veneer Slicing Steaming Walnut Lumber	No capability for veneer slicing No capacity for steaming lumber	Low	No FSC certified
Theising Veneer (Kennedy Veneer, Mitchell Veneer)	Dave Mathers, 300 Park Drive, Mooresville, IN 46158	Veneer Slicing	No capability for veneer slicing	Low	SCS may have audited this contractor, not confirmed to this auditor
ITV-International Timber and Veneer, (Kennedy Veneer)	Mike Rastetter 75 McQuisiton Dr, Jackson Center, PA 16133	Veneer Slicing	No capability for veneer slicing	Low	No
See Attached List of Crone Lumber Outsourced Contractors	See Attached List of Crone Lumber Outsourced Contractors	Logging	Contract loggers for sawmill	Low	No

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* Indicators of high risk outsourcing
1. The organization is outsourcing a wide range of production related activities
2. The organization is outsourcing to a number of contractors on a regular basis
3. The contractor grades or sorts the material during outsourced processing
4. The contractors label the product during outsourced processing
5. Contractors do not physically return the FSC-certified product following outsourced processing
6. The organization is outsourcing processing across national borders

PART 2D: FSC Controlled Wood

N/A, does not deal in Controlled Material or FSC Controlled Wood

Purchases FSC Controlled Wood from CW certified supplier(s)

- Purchases FSC CW, does not sell FSC CW (not certified to 40-005)
- Purchases and sells FSC CW Risk Assessments not necessary, issue CW code

Implements a Controlled Wood verification program

- Annex II risk assessments, does not sell FSC CW submit reviewed Risk Assessment(s)
- Annex II risk assessments, sells FSC CW submit reviewed Risk Assessment(s), issue CW code
- Annex III site audits, does not sell FSC CW submit reviewed RA(s) showing categories of 'unspecified risk'
- Annex III site audits, sells FSC CW submit reviewed RA(s) showing categories of 'unspecified risk', issue CW code

Suppliers of Controlled Material (non-FSC certified material included in organization's controlled wood verification program):

(complete chart below or submit a complete list with report)

Supplier name and address	Description of non-FSC certified wood / fiber received	Species received Latin name or code FSC-STD-40-004b	Approx. volume received
The suppliers of controlled wood vary for each group member. Supplier lists, where available, are specific to the applicable group member only.	Logs, deciduous and coniferous	Prunus serotina Quercus alba Quercus rubra Carya ovata Carya ovalis Fraxinus Americana Juglans nigra Liriodendron tulipifera Nyssa sylvatica Pinus glabra	Ref. Site report for each group member audited.

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Description of the system by which the organization assessed the level of risk of their suppliers:	The DoF has created a Risk Assessment (RA) for all the US states in its wood basket (for supplies of logs, lumber, and veneers) to group members. Based on the sourcing policies and procedures of group members included in the Group CW certification, and with the submitted RA that is in line with the RA supported by the US national initiative, the Group has determined a level of low risk for all suppliers. Each Group member is required to track all CW inputs to the forest level of origin. The Group has also submitted a new risk assessment for Ontario, Canada, in which all categories are concluded 'low risk'.
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District(s) of Origin of non-certified wood included in organization’s controlled wood verification program:

District of Origin (per Risk Assessment)	New	Updated	Approved
Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin			x
States of Washington and Oregon.			x
Ontario, Canada	x		

‘Tab’ in last box to add additional rows as necessary

PART 2E: Minor Components

N/A, does not use ineligible wood/fiber components in FSC products

N/A, minor components between 1 & 5% (submit derogations with report)

Minor Components <1%

*Expand as necessary to include all minor components used (intended for use) in FSC products <1%
For minor components between 1 and 5%, submit completed derogation application(s) from client (one per minor component)*

Common Trade Name of Component	Description of Component	Volume/weight of wood/fiber	% volume/ weight of total product wood/fiber	Species (where applicable)	Dimensions	FSC Product Group & Product Type Code FSC-STD-40-004a	FSC label?

‘Tab’ in last box to add additional rows as necessary

Justification why material for the specified components could not be sourced from FSC-certified, controlled or reclaimed sources.

PART 2F: Site information

N/A, only one site in certificate scope

NOTE: Administrative and manufacturing sites need to be considered separately if administrative sites do the invoicing. Legal and trade names must also be provided.

All sites audited by SCS

Complete site table below for all sites

Sites audited on sample-basis by SCS (Group or Multi-site Certificates only)

Submit complete / verified List of Sites table with report (do not complete site table below)

Sites Audited Table

Site name	CoC Admin	Address	Approx No Employees	Type of Facility	Standards					
					40-004	40-003	40-005	40-007	40-002	PEFC
Kennedy Veneer	Jeff Lund	3243 North Shadeland Ave. Indianapolis, IN	7	Veneer warehouse with outsourced processing	x		x		x	
Ohio River Veneer	Iamur Wright	P. O. Box 169 Clear Creek, IN	10	Logger and concentration yard	x				x	
Crone Lumber	Steve Crone	P.O. Box 1171 Martinsburg, IN	33	Sawmill	x		x		x	
Adkins Sawmill	Dennis Voyles	6510 Highway 337 NW Depauw, IN	14	Sawmill	x		x		x	
Dale White Logging	Dele White	340 Noel Court Bedford, IN	3	Logger	x				x	
Mitchell Veneer	Chad Seewer	4250 Earnings Way New Albany, IN	14	Veneer warehouse with outsourced processing & concentration yard	x		x		x	

Trueblood Logging	Billy Trueblood	4522 E. Quaker Rd Salem, IN	3	Logger	x		x		x	
Bill Bane Logging	Bill Bane (Gina Bane)	1414 E. US Highway 50 Brownstown, IN	3	Logger with concentration yard	x				x	
Taggert Hill Sawmill	Chester Morgan	5505 Hoover Rd Nashville, IN	5	Logger and sawmill	x		x		x	
Leibering & Sons	Steve Leibering	P. O. Box 201 Lamar, IN	7	Logger and concentration yard	x		x		x	

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SECTION 3: Evaluation Process and Conclusions

PART 3A: Evaluation Summary

Description of evaluation:	<p>29 March 2011 I met with Carl Hauser, Indiana DoF Forestland Property Manager and the Group Administrator, at the Indiana State government offices, DNR-DOF offices in downtown Indianapolis. There I reviewed procedures for the Group Entity and the procedure template for the Group members. Carl had prepared a CD that includes: 1, Group Entity Procedures; 2, Group members FSC CoC and CW procedure template; 3, the current CW RA; 4, files with copies of the audits of all Group members; 5, Group members lists with supporting information; and 6, other relevant documentation.</p> <p>Group members files, both file folders and electronic, were selected. Records of audits were available for this auditor to review. A list of corrective action requests issued by the DoF and actions taken was presented. Previous CAR's issued to the DoF were reviewed and closed. The CW RA was reviewed and checked for an update. A review of the specific CW procedures applicable to the DoF was conducted.</p> <p>Concluding all the central office audits for the Group Entity by mid-afternoon, Carl and I initiated our travel to the first Group members to be audited:</p> <p>29 March with Carl Hauser: Kennedy Veneer; FSC CoC and CW, audits attached.</p> <p>30 March Group Member audits with Carl Hauser: Ohio River Veneer: FSC CoC audit attached Crone Lumber Company: FSC CoC and CW audits attached Adkins Sawmill: FSC and CW audits attached</p> <p>31 March Group Member audits with Carl Hauser: Dale White Logging: FSC CoC audit attached (and with Jeff Settle) Mitchell Veneer; FSC CoC and CW, audits attached</p> <p>The four remaining Group member audits were conducted on May 10-12, 2011.</p> <p>10 May with Carl Hauser Trueblood Logging: FSC and CW, audits attached</p> <p>11 May with Carl Hauser Taggart Hill Sawmill: FSC and CW, audits attached</p> <p>11 May with Jeff Settle Bane Logging: FSC audit attached</p> <p>12 May with Carl Hauser</p>
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	Leiberling & Sons: FSC and CW, audits attached
Number of sites audited out of total number of sites in scope of certificate:	10 of 50: five each from each of two sets of sites
Date(s) of evaluation:	29, 30, and 31 March, and 10, 11, and 12 May 2011.
Duration of evaluation:	All or part of six days; approximately 43 hours.
Auditor name:	Frank S. Judd
Auditor qualifications:	Frank Judd, Lead Auditor Scientific Certification Systems; BS & MS Forestry/Forest Products Marketing, Penn State University; US Army Officer, Military Intelligence. Seven years experience in FSC Chain of Custody market development, auditing, and product management; over thirty years of management in forest products manufacturing, procurement, marketing, and process development; ISO 9001 accredited.

PART 3B: Compliance Summary

IMPORTANT NOTE: The Standards Conformity Checklist(s) in the Appendix of this report outline(s) the auditor's assessment of your organization's conformity with each of the applicable requirements of each standard covered in the scope of the assessment; This section contains only a summary of those findings.

Evaluation and description of any critical control points with a risk that uncontrolled wood or fiber may enter the FSC Chain of Custody system:

Critical Control Point	High Risk of Mixing	Low Risk of Mixing
Purchasing eligible material/product		x
Verifying reclaimed/controlled material	x	
Receiving		x
Segregation		x
Processing		x
Determination of FSC claims (transfer, percentage or credit system)	x	
Outsourcing		x
Trademark use		x
Sales and shipping documents	x	
<p>Description of any high risks of mixing: Several sites, as indicated in the specific site audit reports, have not demonstrated adequate processes for the administration of their FSC Controlled Wood program. Several other group members have not demonstrated adequate documentation of the receipt and/or sale of FSC wood, Certified and Controlled Wood. The risk(s) of mixing are described in the individual group member audit reports. In general, there is a negligible risk of mixing ineligible wood with FSC wood.</p>		

Review of Corrective Action Requests from previous audit:

Copy from previous audit report and describe the status of each CAR. Submit evidence with report where appropriate. Minor CARs not closed by the deadline shall be elevated to Major CARs. Major CARs not closed by their stated deadline, may result in suspension until conformity is confirmed.

Minor CAR 2010.1. Training records of staff at individual Group member's sites are not maintained by those Group members where needed (when there is more than one employee). Records of training done by the IN DoF for Group members are available at the IN DoF offices.

Corrective Action: Implement training and required record keeping by IN DoF Group members.

Deadline: For review at the next annual audit.

Ref. STD 40-004 V2, 1, 1.3 Training, 1.3.2.

Status: Closed; all group members audited had training records available.

Major CWCAR 2010.2. As determined during supplemental audits of Group Members, the origin of wood assessed as Controlled Wood is not consistently tracked to the Forest Management Unit of origin.

Corrective Action: Implement procedures to ensure that wood assessed by Group members as FSC Controlled Wood does meet traceability requirements to the Forest Management Unit.

Deadline: Within 90 days from the date of this audit report, provide compliant documentation to SCS.

Ref. STD 40-005-V2-1, 8 Controlled Wood inputs from non-FSC certified suppliers, 8.1 b).

Status: Closed as a Group Entity Major CAR; Reissued on an individual group member basis as evidenced during audits.

Major CAR 2010.3: Audits (and/or records of those audits) for verifying the authenticity of FSC Controlled Wood, as required in At. 1, Group Entity Procedures, have not been performed.

Corrective Action: Conduct and establish compliant records of internal Group member audits performed by the Group Entity for determination of the FMU of origin of FSC Controlled Wood. Fro Group

members that have implemented the purchase, assessment, and/or sale of FSC Controlled Wood.
Deadline: Within 90 days from the date of this audit report, provide compliant documentation to SCS.
Ref. STD 40-005-V2-1, 8 FSC Controlled Wood inputs from non-FSC certified suppliers, 8.1 c).
Status: Closed as a Group Entity Major CAR; Reissued on an individual group member basis as evidenced during audits.

Minor CAR 2010.4 There is inconsistency in the use of the correct FSC CoC code and FSC claim among Group members. Not all members document the scale ticket consistently and/or include the FSC claim on transportation or delivery documents.
Corrective Action: Implement a system to ensure the use of the FSC Claim and the FSC CoC code on all relevant documentation to specifically include scale tickets issued by the purchasing customer on delivery by the Group member or its hauler. (This is frequently the only document identifying the sale and subsequent purchase of the FSC logs and/or FSC lumber!)
Deadline: For review at the next annual audit.
Ref. FSC STD-40-004 V2, 6 Sales and delivery, 6.1, 6.1.2.
Status: Reissued within Major CAR 2011.32; Additionally reissued on an individual group member basis as evidenced during audits.

Minor CW CAR 2010.5: Lists of all suppliers of wood assessed as FSC Controlled were not available at audits of all Group members that are including FSC Controlled Wood in their FSC chain of custody.
Corrective Action: Obtain complete listing of all wood suppliers from all Group members that are including FSC Controlled Wood in their FSC CoC.
Deadline: For review at the next annual audit.
Re. FSC STD-40-005 V2-1, 5.2.
Status: Reissued within Major CAR 2011.32; Additionally reissued on an individual group member basis as evidenced during audits.

Minor CAR 2010.6 Signed outsourcing agreements had not been executed at all sites with relevant contractors at the time of this audit.
Corrective Action: Obtain signed agreements with these contractors.
Deadline: For review at the next annual audit by the Group Entity and at the individual sites.
Ref. FSC STD 40-004 V2, 12 Outsourcing, 12.1 Pre-conditions for outsourcing 12.1.1 c).
Status; Closed as a Group Entity Minor CAR; Signed outsourcing agreements have been obtained for outsourced contractors.

Minor CAR 2010.7 Complete contact details of outsourced contractors for all sites were not available at the time of this site audit.
Corrective Action; Provide contact details of all outsourced contractors.
Deadline; For review at the next annual audit by the Group Entity and at the individual sites.
Ref. FSC STD 40-004 V2, 12 Outsourcing, 12.3 Records, 12.3.1.
Status: Closed as a Group Entity Minor CAR; Contact details for outsourced contractors were available for all applicable sites.

Minor CAR 2010.9 – Tri-State Timber The Product Chart does not include the Mixed Credit claim or the correct Control System used.
Corrective Action: Correct the Product Chart.
Deadline: For review at the next annual audit.
Ref. FSC STD 40-04 V2 2 Scope of the FSC chain of custody system, 2.1 Product groups.
Status: Closed; The Credit System and the Mixed Credits claim has been included in the Product Chart for all group members using the Credit System.

Minor CAR 2010.10 – Louisville Veneer and Wertz Timber & Veneer A list of verified FSC log suppliers was not available during the site audit.

Corrective Action; Provide a verified supplier list.

Deadline: For review at the next annual audit.

Ref. FSC STD 40-004 V2, 3 Material Sourcing, 3.2 Supplier validation, 3.2.1.

Status: Closed; The IN DoF has obtained, and has on file a verified supplier list for Louisville Veneer and Wertz Timber & Veneer.

MAJOR CAR 2010.11: The Group Member procedures do not address the use of the Credit System for lumber products or logs.

Corrective Action: The Group Entity is to expand the Group Member procedures (especially the spreadsheet example) to include lumber and logs.

Deadline: 90 days from the date of this audit report (September 16, 2010), provide clear procedures to all Group members using the Credit System with Controlled Wood. Submit evidence of compliance to SCS.

Ref. FSC STD 40-04 V2 9 Credit System, 9.3, 9.4, 9.5.

Status; Closed; Ref.At. 1 & 2, inclusive of Credit System procedures for implementation of the Credit System.

Minor CAR 2010.11: The Group Member procedures do not address the use of the Credit System for lumber products or logs.

Corrective Action: The Group Entity is to expand the Group Member procedures (especially the spreadsheet example) to include lumber and logs.

Deadline: Provide clear procedures to all Group members using the Credit System with Controlled Wood. For review at the next annual audit.

Ref. FSC STD 40-04 V2 9 Credit System, 9.3, 9.4, 9.5.

Status: Closed; Reissued as a Major CAR, and closed (above).

Minor CAR 2010.12 Demonstration of a compliant invoice for FSC Controlled Wood was not presented at this audit.

Corrective Action: Create a compliant invoice for FSC Controlled Wood.

Deadline: For review at the next annual audit.

Ref. FSC STD-40-005-15.2.

Status: Closed; The In DoF has provided an FSC Controlled Wood template invoice for all group members that have included the sale of FSC Controlled Wood in the scope of that member's certification.

Desk CAR 2010.2 The organization did not seek approval for their use of the FSC trademark in their press release.

FSC-STD-50-001 V1-0, section 1.16.

The organization is required to seek trademark approval for all uses of the FSC trademark from SCS at <http://logos.scscertified.com>.

Deadline: Trademark approval records will be verified at the next annual audit.

Status: Closed; The IN DoF has received approval for all current uses of FSC trademarks from SCS.

- N/A Evaluation audit or no prior CARs
- See CARs/OBS form from previous audit

Summary of identified non-conformities and opportunities for improvement:

Complete CAR/OBS form and attach with audit report.

Standard	# Major CARs	# Minor CARs	# Observations
FSC-STD-40-004: Chain of Custody	1	13	4
FSC-STD-40-005: Controlled Wood	1	8	1
FSC-STD-40-007: Reclaimed Material			
FSC-STD-40-003: Multi-site CoC Certification			
FSC-POL-40-002: Group CoC Certification		1	1
FSC-STD-50-001: Trademark Use		1	2
PEFC Annex 4: Chain of Custody Requirements			

PART 3C: Certification Decision

Auditor's recommendation for initial, continued or re-certification based on compliance with requirements:

Include recommendation for each standard organization was evaluated against, and per site where applicable.

The Indiana State Department of Natural Resources-Division of Forestry (DoF) does comply with FSC STD 40-004 V-2, FSC POL 40-002 V-2, and FSC STD 40-005 V2-1 with the exception of the non-compliances included in the attached list of corrective action requests. It is the recommendation of this auditor that the Indiana DoF continue to be awarded FSC certification for the above named standards.

To be completed by Certification Decision-Making Entity

SCS Certification Decision:
Include any conditions or pre-conditions associated with certification decision.

The Indiana State Department of Natural Resources-Division of Forestry (DoF) complies with FSC STD 40-004 V-2, FSC POL 40-002 V-2, FSC-STD-50-001 V1-2 and FSC STD 40-005 V2-1 with the exception of 2 Major CARs, 23 Minor CARs, and 8 Observations. Continued certification is approved.

Certification decision by:

Vanessa Hayward

Date of decision:

For initial or continued certification

July 15, 2011

Surveillance schedule:

Note any sites or requirements needing special attention at surveillance audits. If no FSC material is present at the time of the evaluation audit and CAR issued regarding Critical Control Point, need to audit site within 3 months of beginning processing.

Allowable size limit and annual growth rate:

For Group and Multi-site Certificates only

SECTION 4: Additional General Requirements

By acknowledging and agreeing to the findings provided in this report, the Organization hereby agrees to notify Scientific Certification Systems of any of the following changes that could have a material impact on their FSC program and their continued certification:

- Fulfillment of Corrective Action Requests (CARs) / conditions
- Date of production start of certified products if initial audit was conducted during absence of certified material
- Change in organization/company name
- Change in ownership and/or management
- Change in contact name(s) and address(es)
- Change to the scope of the certificate, as it appears on the certificate and FSC database
- Addition of new facility(ies) and/or termination of facility(ies) covered by the certificate
- Circumstances and/or resource conditions that could materially impact the continued validity of the certification
- Addition / removal of FSC Product Groups
- Material changes to existing FSC Product Groups, such as commencement of new accounting systems or modification of product claims
- New use of the FSC and/or SCS logos, per logo approval agreement
- Incident report of incorrect claim or deviation from FSC regulations
- FSC logo misuse by suppliers
- New outsourcing agreements
- Agreements with vendors or other certificate holders for on-product labeling using certificate code
- Material change to documented control system
- Termination of FSC business in whole or in part
- Any other circumstances where the product may no longer comply with the requirements of the certification system

SECTION 5: Standard Conversions

1 mbf	2.36 m3
423.7 bf	1 m3
1 cord	2.55 m3
1 inch	2.54 cm
1 foot	0.3048 m
1 square foot	0.0929 m2
cubic foot	0.028317 m3

1 yard	0.9144 m
1 gallon (US)	3.78541 liters
1 pound	0.4536 kg
1 US ton	907.185 kg
1 UK ton	1016.047 kg
1 acre	0.405 hectares
1 mile	1.60934 km

Appendix: Standard Conformity Checklist(s)

SCS Supplemental Report for FSC Group Chain of Custody Certification FSC-POL-40-002 and FSC-PRO-40-002a *For evaluation of the Group Entity*

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry: Group Entity
Site:	State Offices, 402 West Washington Street, Indianapolis, Indiana 46204
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	29 March 2011

Group Certificate Overview	
Describe the sites included in the certificate by type of businesses, number of facilities, their relationship to each other, their function and the standards they were evaluated against:	<p>Sites included in this group certificate all deal in the procurement, harvesting, sawmilling, or veneer processing of logs. The group members are have no legal ties to each other; but these sites do frequently have commercial transactions among the group. This includes primarily the selling of logs from loggers to sawmills and/or veneer processors.</p> <p>At the time of this audit, 50 sites were members. The sets of sites include 29 loggers and 21 primary processors (sawmills and veneer processors). All sites were additionally evaluated against FSC STD 40-004 V-2. A number of sawmills and veneer processors were also evaluated against FSC STD 40-005 V2-1.</p>
Describe how Chain of Custody is controlled and how responsibilities are divided between the Group Entity and all Group members:	<p>The Chain of Custody is controlled and monitored by the Group Entity, the Indiana State Department of Natural Resources-Division of Forestry (DoF).</p> <p>The DoF provides FSC CoC and Controlled Wood template procedures and guidance for each member. It audits members annually. It provides information on FSC CoC and CW certification through its website and periodic announcements and newsletters to members. It has one DoF staff member, Carl Hauser, with the authority and responsibility for ensuring the compliant operation of the Group. The DoF is responsible to pay all fees to SCS.</p> <p>Group members must accurately complete the applicable procedure templates relevant to their site, including the product group list. Members are also responsible for: training and training records, supplier verification, receiving, invoicing, and shipping.</p>

<p>If Group Entity is a membership organization, are there other members of the organization that are not included on the certificate? If yes, indicate whether company understands and acknowledges that certificate may not be used for material handled by uncertified members (FSC-STD-40-002, 1.3.3).</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>No, all members included</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Yes, explain how this is controlled</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>N/A, not membership organization</td> </tr> </table> <p>Group members must have their company headquarters, or the participating site, in the State of Indiana.</p>	<input type="checkbox"/>	No , all members included	<input type="checkbox"/>	Yes , explain how this is controlled	<input checked="" type="checkbox"/>	N/A , not membership organization
<input type="checkbox"/>	No , all members included						
<input type="checkbox"/>	Yes , explain how this is controlled						
<input checked="" type="checkbox"/>	N/A , not membership organization						
<p>How many sites were audited?</p>	<p>Central Office/Group Entity plus 10 of 50 sites in total.</p>						
<p>Assess the Group Entity's capacity (including resources and systems) to manage the number and complexity of the Number of sites on the certificate:</p>	<p>The DoF has the capacity to manage the number of sites that are currently included. It has two full time employees participating in fulfilling Group Entity responsibilities. Carl Hauser is responsible for all FSC certification activities in Indiana, and has full control over this group certification at the state level. He has current computer software and supporting systems, as provided by the state, for regular communication with and direction of the group members. He has a state-owned vehicle used to visit all participating sites. Jeff Settle, a forest products specialist, has been appointed to assist Carl with group members' audits and training.</p>						

SECTION 1 Group Eligibility Requirements										
Requirement	Evidence and Findings	Conformance								
FSC-PRO-40-002a List of approved national Chain of Custody group eligibility criteria										
<p><i>FSC-PRO-40-002a, 1.0</i> Group members meet international eligibility criteria for Group COC certification according to FSC-POL-40-004 section 1.4.3 <u>or</u> approved national eligibility criteria according to FSC-PRO-40-002a table 1.1 where applicable.</p>	<p>All initial group members did meet the existing national eligibility criteria of 15 or fewer members. All members entered into the program, since the adoption of the newly approved national eligibility criteria, have sales of less than \$5 million US.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<p><i>FSC-PRO-40-002a, 2.1</i> Group members who joined a group according to the generic eligibility criteria as specified in the COC group Policy before the approval of new nationally adapted eligibility criteria may stay in their group until the certificate is terminated or withdrawn.</p>	<p>Group members, that joined before the new national criteria were adopted, have continued to stay within this group; their certification will terminate if the group certification is terminated or withdrawn. This was confirmed with the Group Administrator, Carl Hauser.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no national criteria</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A , no national criteria
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A , no national criteria									
<p><i>FSC-PRO-40-002a, 2.2</i> New group members shall comply with nationally adapted eligibility criteria before joining a Group COC certificate.</p>	<p>The DoF does now require all new group members to meet the new criteria (less than \$5million in sales,</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no national criteria</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A , no national criteria
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A , no national criteria									

<p><i>FSC-PRO-40-002a,2.3</i> In the year that a group member surpasses the defined threshold, its membership would become 'transitional'. Transitional membership in a group certificate is allowed until growth beyond the surpassed threshold is documented for 2 consecutive years. At that time, the individual entity is no longer eligible to be part of the group certificate and shall pursue and transition to an independent single certificate in order to continue its certification.</p>	<p>US) in order to join this group. The DoF does monitor individual group member's sales. If those sales do exceed the threshold for 2 consecutive years, the individual group member will be removed from this group. It would then become the individual group member's responsibility to seek single FSC CoC certification.</p>	<table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table> <p>(applicable to all)</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
<input checked="" type="checkbox"/>	C							
<input type="checkbox"/>	NC							
<input type="checkbox"/>	C w/Obs							

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

SECTION 2 Group Requirements and Responsibilities		
Requirement	Evidence and Findings	Conformance
2.1 Group entity requirements		
<i>Group entity authority</i>		
2.1.1. In order to be eligible to apply for group certification, the group applicant must be an independent legal entity or an individual acting as a legal entity.	The DoF requires that all group members are Indiana-based, legal companies or corporate entities.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2. The group entity shall be contractually responsible to the certification body for ensuring that the requirements of all relevant FSC guidelines are fully implemented by all members of the group.	The DoF and SCS have a signed contract, renewable on a two-year basis. The DoF has met, and does continue to meet, all financial obligations of the contract; and it makes all payments to SCS.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.3. The group entity shall be responsible for ensuring that any conditions on which certification is dependent and any corrective action requests issued by the certification body thereafter are fully implemented.	During the two years of this group certification's existence, the DoF has effectively monitored each group member. It has thoroughly checked on each members meeting of initial and continuing responsibilities; it has also ensured that the corrective actions issued by SCS have been fully implemented.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.4. The group entity shall have the authority to remove members from the scope of the group certificate if the requirements of group membership or any corrective action requests issued by the certification body or the group entity are not complied with.	The authority for the DoF to remove any member is included in requirements for group membership.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.5. The group entity should be responsible for collecting any fees due to FSC certification from the members.	The DoF does collect all fees, if it requires them. It does make all payments to SCS. (To the date of this audit, the DoF has not requested annual payments from members.)	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.6. The group entity shall be responsible for the annual monitoring of each and every member. Monitoring procedures must be in line with the FSC CoC Certification Requirements and the guidelines in Sections 3 and 4 of this document.	The DoF does conduct a site audit of all group members that have had any FSC transactions. It does monitor all group members throughout the year.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<i>Group entity system and documentation requirements</i>		
2.1.7. The group entity's responsibilities with respect to managing the chain of custody certification program for the group, shall be clearly defined and documented, including procedures for new members to join the certified group after a certificate has been awarded.	The DoF has prepared a comprehensive set of FSC CoC procedures for each group member. A second set of procedures and processes has been written and is in force for the DoF, entitled Division of Forestry (Group Entity) Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.8. The group entity must have a system in place for providing information and/or training to group members.	The DoF provides information and training to group members as follows: 1, DoF site training for FSC and other required aspects of logging and lumbering within IN; 2, Group and general training for FSC and other state requirements for training; 3, the group members DoF email list-serve for direct contact with all group members; 4, The Indiana Licensed Timber Buyers monthly bulletin; and 5, the DoF website.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.9. The group entity must carry out an initial inspection to verify that the potential group members comply with certification requirements, including business installation and documentation systems, before they can be admitted.	The DoF conducts an initial inspection of each new group member. The DoF verifies that the potential group member can meet the required business installation and documentation system requirements before admission to the group.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.10. The group entity must have clear procedures for annual monitoring of each group member which is designed to ensure that CoC requirements are upheld. Additionally it must have a method for providing information on the results of its monitoring to the certification body.	Ref. DoF procedures, 2.2.4 and 2.2.5. The DoF has established procedures in place to provide annual audits of all group members. This information is recorded on IN DoF computers, summarized by group member, and provided to the SCS auditor on a CD.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.12. The group entity must keep all CoC documents related to member businesses and have a centralized record keeping system related to inflows and outflows of material in member facilities. They must also be prepared to submit reports summarizing member activities.	All documents, as required for the DoF, are stored electronically on the Group Administrators computer and on the DoF server. A record of FSC inputs and outputs is summarized on an Excel spreadsheet. FSC inputs were 10,3362 MBF, and outputs were 1,396 MBF.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.13. The group entity must have its own written guidelines that outline CoC procedures for member businesses.	Ref. The In DoF Group Entity Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<i>New members</i>		
<p>2.1.14. The group entity shall have clear documented procedures for new members to join the certified group after the certificate has been awarded. The group entity must carry out an initial inspection of the business installations and their documented systems before they are eligible to enter into the certified group, and hence be permitted to use the FSC trademark.</p>	<p>Ref. DoF Group Entity procedures, 2.2.1. The DoF conducts and “Initial Inspection” of new members before a new group member is accepted into the group. The IN DoF has a full and complete procedure template that is required for use by each group member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.15. If a group member joins or leaves the group certification scheme, the group entity shall inform the certification body in writing within one month.</p>	<p>The DoF has notified SCS within one month, by email, of the addition or removal of group members. (Only one group member has been removed to date.)</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.2. The group entity shall have sufficient legal and management authority and technical support to implement the requirements and responsibilities specified in 2.1.1-2.1.15 and to support the size of group proposed for certification.</p>	<p>The Indiana Division of Forestry is part of the Indiana State Department of Natural Resources. It has full authority and computer support to implement the requirements and responsibilities for itself, the Group Entity, and for the size of the existing group and compliant additions.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, Annex 2</i> 1.2 The group entity shall not produce any document similar to an FSC certificate for its participants. If individual membership documents are issued, these statements shall be included: a) “Managing the FSC certification program of [name of group]” b) “Group certification by Scientific Certification Systems (SCS)”</p>	<p>The DoF has not produced any document similar to an FSC certificate for the group members. It has received, and forwarded to each member, the group member certificate provided by SCS.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
2.3 Group member requirements and responsibilities		
<p>2.3.1 Every group member must comply with the FSC requirements of CoC certification as specified in the FSC CoC standards.</p>	<p>As evidenced in site audits by this auditor, the group members have complied with the requirements of the FSC CoC standards. Exceptions are included as non-compliances in the attached reports and CAR’s checklist. All prior CAR’s had been corrected, establishing continued compliance to this clause.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.3.2 The group members’ management responsibilities, (e.g. with regard to management planning, monitoring, quality control, marketing) for certification shall be clearly defined and documented.</p>	<p>Each group member’s responsibilities regarding managing its FSC program are delineated in 1.1 Eligibility of both the Group Member Procedures and in the Group Entity Procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

2.3.3 Any representation of certified status of group members and their products must be made in reference to the group. Each member must utilize the group's chain of custody code in relevant sales documentation.	Group members are listed as members of the DoF group with their products on the http://info.fsc.org website. Each member does utilize the DoF group FSC CoC code, with its respective sub-code, in relevant sales and/or delivery documents.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.4 Informed consent of group members		
2.4.1 A 'consent form' or its equivalent must be signed by each group member or the member's representative who voluntarily wishes to join the certification scheme. The consent form: <ul style="list-style-type: none"> i. acknowledges and agrees to the requirements and responsibilities of group membership; ii. agrees to membership of the scheme for the full period of validity of the group certificate; iii. acknowledges their compliance with the chain of custody guidelines; and iv. authorizes the group entity to apply for certification on the member's behalf. 	The DoF has developed a Group Member application. It meets the State of Indiana requirements for participation. It also requires the applying company agree to the requirements of the applicable FSC requirements and include a signature of the responsible individual. The application also requires compliance with the attached procedures that include DoF requirements for eligibility: compliance with or inclusion of sub clauses: i, ii, iii, and iv of this clause.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.4.2 The group entity must provide each group member with documentation, or access to documentation, specifying the relevant terms and conditions of group membership. The documentation shall include:		
i. a copy of the Chain of Custody certification standard to which the group is committed;	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs	
ii. explanation of the certification process;	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
iii. explanation of the certification body's, and FSC's, rights to access the group members' documentation and installations for the purposes of evaluation and monitoring;	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
iv. explanation of the certification body's and FSC's requirements with respect to public information;	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
v. explanation of any obligations with respect to group membership, such as: <ul style="list-style-type: none"> a) maintenance of information for monitoring purposes; b) use of systems for tracking and tracing of forest products; c) requirement to conform with conditions or corrective actions issued by the certification body; d) any special requirements related to marketing or sales of products covered by the certificate; e) use of the FSC trademarks and product claims; f) proper use of CoC certificate number and sub code; and g) other obligations of group membership. 	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	

vi. costs associated with group membership.	explanation of any	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Findings related to above Provision of Documentation requirements:</p> <ul style="list-style-type: none"> i. <u>Group members audited who have received certification under FSC STD-40-005 V2-1 did not have copies of the standard. The standard is available, however, on the DoF website, to all the group members (and the public).</u> ii. The certification process is thoroughly explained in the Group membership procedures. iii. The right of the DoF and the certifying body, SCS, are explained in Group member's procedures, 1.1 Eligibility. iv. Each group member agrees to provide all required information to the DoF, a public body with the requirement of making all information public, on request. All group members are listed on the DoF website, along with copies of the initial FSC evaluations and following annual surveillances. v. The requirements for eligibility, section 1.1, in the individual group member's procedures, along with the requirements for compliance within the body of those procedures, fully document the respective obligations of each group member as referred to in sub clauses v: a, b, c, d, e, f, and g. vi. Costs of group membership are described in 1.2 Membership fees and 1.3 Annual Licensing fees. 		
2.5 Group records		
2.5.1 The group entity shall be responsible for maintaining the following records up to date at all times:		
i. list of names and addresses of group members, together with date of entry into group CoC certification scheme and sub code assigned;	Ref. the DoF Group member list. <u>The locations of log concentration yards for several group members are not included on the Group Member list: Mitchell Veneer; Bane Logging; and Leiberling & Sons.</u>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
ii. evidence of consent of all group members, preferably in the form of a signed 'consent form' (see paragraph 2.4, above);	A signed application form (consent agreement) is retained in the file folder of each group member; this is physically on file with the Group Entity Administrator.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
iii. relevant documentation and records regarding the scope of Chain of Custody certification for each group member.	iii. All records, relevant to each group member' CoC certification, are retained in file folders by the Group Entity Administrator, Carl Hauser.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
iv. records demonstrating the implementation of any internal control or monitoring systems (see paragraphs 2.1.2 - 2.1.5, above). Such records shall include records of internal inspections, non-compliance identified in such inspections, actions taken to correct any such non-compliance;	iv. Copies of all FSC CoC audits, conducted by the DoF and SCS, are retained, in Word files, by the Group Entity Administrator. Records include the dates of site audits and non-compliances. Separate records include Group member actions to correct specified non-conformances.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
v. relevant documentation regarding production and sales;	Audit records include FSC purchases and sales data.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

vi. the date of leaving of any group members, and an explanation of the reason why the member left the group; and	The date of withdrawal, one site only, is recorded on the Group site master list. A column is included on the site master list for withdrawal dates.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
vii. relevant documentation showing that they meet the definition of a “small enterprise”	The audit form used by the DOF requires the Group member to describe and document their meeting of the definition of a “small enterprise.” This is then recorded as the number of employees (former requirement) of the amount of sales in \$US (current requirement).	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.5.2 Documentation shall be archived for at least 5 years.	Group members agree and consent, as part of the Group member eligibility requirements, to retain all relevant FSC documents for five years. Indiana State policy for the DoF requires the retention of all DoF records for five years.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.6 Certification costs		
2.6.1 The group entity shall be fully responsible to the certification body for paying all the costs of evaluation and monitoring throughout the period of validity of the certificate.	DoF Group Entity procedures clearly state the DoF is responsible to pay all fees to the certification body. The DoF has signed contracts, for two years at time, to cover all certification costs relevant to this Group certification.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
FSC Trademarks		
<i>FSC-STD-50-001 V1-1, Annex 2</i> 1.1 The group entity (or manager, or central office), shall ensure that all uses of the FSC trademarks by the group entity or its individual members are approved by the certification body prior to use. Group members shall submit all approvals via the group entity or central office and keep records of approvals.	The DoF Group Administrator does require that Group members submit all requests for the use of FSC trademarks to his (the Group Administrator's) office. The Group Administrator has forwarded such requests to SCS through the SCS client portal; and has demonstrated, to this auditor, the ability to access that site and obtain approval records.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<i>FSC-STD-50-001 V1-1, Annex 2</i> 1.3 No other forest certification schemes' marks or names shall appear on any documents issued by the group in connection with FSC certification, e.g. in cases where the group entity also manages groups certified by other schemes.	The Indiana DoF also has a FM/COC certification for Indiana State Forests, issued by SCS. <u>The timber contract that the State uses for all State timber sales, contains both the FSC logo and the logo of a competing forest certification scheme: SFI. However, this contract form had been previously approved by SCS, as explained by the Group Administrator. This form was used to close a CAR in 2006 for the SCS FM/COC audit. The DoF has this documentation on file.</u>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>2.7 The group CoC certificate will license all members of the group to use the FSC Trademarks under specified conditions. However the group entity may not issue sub-licenses for use of the FSC Trademarks.</p>	<p>The Group Entity, the DoF, has not issued sub-licenses for the use of any of the FSC Trademarks.</p>	<table border="1"> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Conservation and Natural Resources-Division of Forestry, Group Entity
Site:	State Building 402 W. Washington Street, Indianapolis, IN
Audit for the Year:	2011
Auditor:	Auditor
Date of audit:	29 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

Controlled Wood System Overview	
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<p>Description of system by which company monitors purchases of non-FSC certified wood included in company’s program of verification:</p>	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood, within the scope of certain of the individual members’ certifications. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW. Each group member that has received certification for CW must demonstrate to the forest level of district of origin that all wood purchased and assessed by Group members as FSC Controlled Wood is within the area included in the RA.</p>
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Part 1: Quality System Requirements	
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1. Company Policy

<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The policy is included on the IN DoF website.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood								
<p>2. Procedures</p>									
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that responsibilities be assigned through the use of a template with accompanying procedure. At the DOF, Group Entity, the State Forester has assigned the responsibility for overseeing the responsibility for implementation and procedures to Carl Hauser, Forest Certification Coordinator.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<input type="checkbox"/>	C w/Obs								
<p>3. Training</p>									
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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	according to sampling guidelines in FSC CoC 40-004 V2-1.	
3.2 Training has been provided to all staff as specified and as appropriate.	In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2-1.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.	Records for training conducted by the Group Entity are on file with Carl Hauser. Individual Group member's sites do have training records.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
4. Records		
4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a minimum of 5 years.	The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually. Records of all Group requirements are maintained a minimum of 5 years; Ref Group Member Procedures, Records; and Part V, V4 Controlled Wood Records.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
Part 2: FSC Controlled Wood Supply requirements		
5. Supplier Identification		
5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records: a) the name and address of the supplier; b) description of the wood supplied; c) the species and volume of	Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers. <u>Crone Lumber (CAR 5) and Trueblood Logging (CAR 23) have not provided or had available for this audit a full listing of all suppliers included within the group members' FSC Controlled Wood program and the volume provided by species and volume.</u>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>wood supplied and the relevant purchasing documentation.</p>	<p>Complete in main report or submit separately</p>									
<p>7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood</p>										
<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <ul style="list-style-type: none"> a) all wood supplied as FSC Controlled Wood is clearly identifiable as such; b) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. c) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause, as an individual group member.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate. N/A at this time; no purchase of FSC Controlled Wood has been observed during any supplemental audits of Group members. Group members included in this CW program must comply with this clause as an individual group member.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	NC									
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<input type="checkbox"/>	N/A									
<p>8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood</p>										
<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, selecting to include Controlled Wood within the scope of the individual member's certification. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits group members for compliance to all applicable standards, including CW. Each group member, that is included within the group certification for CW, must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by Group members, as FSC Controlled Wood, is within in the area included in the RA.</p>									

<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <ul style="list-style-type: none"> a) determined and kept records of country and district of origin, to the forest level*, of wood supplied; b) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and c) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood. <p>* FSC-DIR-40-005, ADVICE-40-005-04</p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are verified to the forest level of the district of origin and records are kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest of origin for all purchase on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <p><u>Crone Lumber (CAR 6), Kennedy Veneer (CAR 9) and Adkins Sawmill (CAR 18) have not provided sufficient documentation to ensure that all wood in that group member's FSC Controlled Wood program has originated from a district of origin to the forest level as included in the RA.</u></p> <p>Submit sample of documentation proving forest of origin with report.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									
<p>FSC-DIR-40-005, ADVICE-40-005-04 For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									
<p>10. Species listed on CITES</p>										
<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>		
<p>Part 3: Risk assessment and verification program This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>		<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>
<p>11. Risk Assessment for non-certified wood</p>		
<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> a) District of the assessment; b) risk level with justification per Controlled Wood category; c) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be “Low Risk” for all five categories. Information is to be provided by: direct logging contracts with landowners; contracts with loggers or sawmills harvesting from known and documented forest tracts; identification of the county (or specific site or township) on the trucking or receiving documentation; and other documentation identifying the forest level of origin as determined by the individual group member. The current RA is attached.</p> <p>Company risk assessment(s) must be submitted with this report</p>	
<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>	

<p>has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p><input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin</p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following:</p> <ul style="list-style-type: none"> a) Name and address of SCS (can be completed by SCS)* b) Date of the risk assessment c) Date of review by SCS (completed by SCS)* d) Names of district(s) for which the risk assessment has been conducted e) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts f) Brief justification for each of the controlled wood categories considered low risk g) Listing of sources of information used to assess the indicators <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the included IN DoF CD under Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		

<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist) *The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC</p>	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>		
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Part 4: Sale of FSC Controlled Wood This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood. <input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p>15. Supplying FSC Controlled Wood</p>		
<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products: a) the name and address of the buyer; b) the date on which the invoice was issued; c) description of the product; d) the quantity of the product sold; e) reference to the product's</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>f) The FSC Controlled Wood code issued by SCS.</p>										
<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>Annex 4: Provisions for claims related to FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>										
<p><i>FSC-STD-20-011 V1-1, 8.1</i></p> <p>Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. Controlled Wood is not used by group members in segregation marks. Normally tags are used on veneer or units of lumber with numbers and/or colors denoting the wood as controlled wood, if internal identification is required.</p>									
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>	<p>The statement "Controlled Wood" is not used in segregation marks at any of the group members included in the 2011 annual surveillance audit of the IN DoF group. "Controlled Wood" is identified, on receipt, by number or color of product tags. If included in the group member credit system, the wood is not additionally tagged or otherwise identified.</p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
<input type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input checked="" type="checkbox"/>	N/A									

1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.	The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.5. The statement “FSC Controlled Wood” shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.	The IN DoF, Group Entity and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual surveillance was in English.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement ‘FSC Controlled Wood’ or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.	Ref. At. 2, V 16, group members are not permitted to promote “FSC Controlled Wood”. The Group Entity does not use or promote “FSC Controlled Wood” on its website or other communications outside of the group membership.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.7 When supplying FSC Controlled Wood the company clearly links the statement ‘FSC Controlled Wood’ to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.	Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the “FSC Controlled Wood” statement is to be clearly linked to the specific items sold. This was confirmed in audits of the group members during the 2011 annual group surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.8 The statement ‘FSC Controlled Wood’ in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.	Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. Controlled Wood sales and shipping documents reviewed at the group members audited in 2011 did include the correct FSC CW code.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as ‘FSC Controlled Wood’.	The SCS Forest Management certificates issued to the State or Indiana are not used in conjunction with or in association with product sold by group members certified to sell “FSC Controlled Wood”	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as ‘FSC Controlled Wood’ or in reference to Controlled Wood certificates.	The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members in the 2011 annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041AO
Site:	Adkins Sawmill, Depauw, Indiana 47446
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	30 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Dennis Voyles, Sawmill Manager, is the appointed representative for Adkins Sawmill.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Dennis Voyles demonstrates appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system. Dennis Voyles administers all receiving and processes relating to FS; this mill employs 10 personnel in total.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Adkins Sawmill has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <u>Submit with report</u>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Adkins	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

	Sawmill, in Appendix B-1, of the Group Member Procedures.	
FSC STD 20-001 V3-0, 22 Complaints	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u></p> <ul style="list-style-type: none"> a) <u>compliance with FSC requirements;</u> b) <u>to make these records available to SCS upon request</u> c) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> d) <u>to document actions taken</u> <p>See clause 1.2.1.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.3 Training		
1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers as each site are qualified by the IN DoF training provided and by their respective company positions. Dennis Voyles conducts all training at this location.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	<p>All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Adkins Sawmill did have current training records documented and available for this audit. The training records were dated 5/25/10, and included the signatures of the two employees trained, the loader operator and driver.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	<p>Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Adkins Sawmill had up-to-date records required for all applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires all relevant documentation be retained by the Group Member for five years. Adkins Sawmill had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u> Adkins Sawmill has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.	Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Adkins Sawmill has designated the Credit System for all lumber and chip sales. It has also designated the transfer system for resale of FSC Pure logs. Only one site is applicable to Adkins Sawmill, Depauw, IN.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.	Within its credit system, Adkins Sawmill does separate all lumber by species and grade. Adkins maintains its credit account on paper spreadsheets. To date, it has not sold or used any of its credits for hardwood lumber. It has used its credits for the sale of wood sawdust and chips.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
3. Material Sourcing		
3.1 Input specifications		
3.1.1 The organization has adopted and uses the definitions and categorization of	As required by the Group Entity, IN DoF, each Group Member must adopt the	<input checked="" type="checkbox"/> C

<p>input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Adkins Sawmill has complied with the requirement and uses the categorizations and definitions as stated.</p>	<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Adkins Sawmill has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all log receipts as: FSC Pure or FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2 Supplier validation</p>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Adkins Sawmill has a record of their FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (CW is not applicable. All FSC certified logs have been purchased from the listed FSC IN Group FM/CoC FSC certified suppliers, one other Group Member of the IN state CoC Group, or from the Indiana State DoF.</p> <p><u>Dennis Voyles has a book in which he has a list of all his suppliers. This book is handwritten, and was not reproduced at the site. No equipment was available to copy elements of the record book.</u> <u>Submit with report</u></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org.</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. Adkins Sawmill has on file names of FSC suppliers verified with the IN DoF: the IN state FM/CoC, the IN state group FM/CoC, or from other members of the IN FM/CoC Classified Forest Group.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>3.3 Purchase of Non-FSC certified virgin or reclaimed material</p>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of</p>	<p><input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products</p>	

<p>verification.</p>	<p>See attached Adkins Sawmill 40-005 CW audit report.</p>	
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p> <input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material </p>	
<p>Purchase of FSC Controlled Wood</p>		
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> d) all wood supplied as FSC Controlled Wood is clearly identifiable as such; e) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. f) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p>	
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>	
<p>3.4 Generating raw material on site</p>	<p> <input type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product </p>	
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another</p>	<p>a, Adkins has included wood chips and sawdust in its product group list with the mixed credit claim. b, N/A</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>

<p>(principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>								
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>	<p>Adkins used the lowest applicable claim for the sale of sawdust and chips: FSC Mixed Credit.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<p>4. Material receipt and storage</p>								
<p>4.1 Identification of input</p>								
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Adkins Sawmill does check for these requirements on the initiation of contracts for FSC logs or on the receipt of FSC logs at the site.</p> <p>FSC Supplier documentation checked during this audit were contracts for the following timber purchases: Danzer, SCS-FM/COC-00123N: Bobby Farm, 5/11/10, Orange City-Griffith, 10/16/10, and Crane Naval Base, 9/22/10. The one invoice checked was Trueblood Ticket # 105558, 9/22/10.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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	All receipts were for FSC Pure logs. These documents included sufficient information to comply with a, b, and c of the clause.	
4.2 Segregation		
4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.	<p>On arrival at the Adkins Sawmill log yard, all logs are scaled and the data entered into the hand-held computer (by Dennis Voyles). This data is later downloaded and the information recorded as the received quantity in board feet. FSC veneer logs are marked as FSC on the end, and stored in a separate area for veneer logs. All other logs are added to the standard log yard inventory by species, quality, and size.</p> <p>FSC logs are accounted for by volume and are mixed with all other logs. All other received logs are assessed by Adkins Sawmill as Controlled Wood. Adkins Sawmill employs the credit system for controlling FSC claims for all lumber.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
4.3 Precautions for labeled material		
4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.	No labels are attached to the logs, FSC or not.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.	Adkins Sawmill logs are not purchased with any labels on product.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5. Volume control		
5.1 Conversion factors		
5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for	Adkins Sawmill purchases timber and logs by the board foot, Doyle scale. For the sawing, trimming, and edging of the lumber, it has established standard yields from board feet Doyle scale to board feet	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)

<p>each processing step or, if not feasible, for the total of all processing steps.</p>	<p>lumber scale. It uses actual yields for additions to its credit system.</p> <p>Logs resold as veneer logs are scaled again, at the time of sale, to confirm the log volume; no conversion factor is applicable for the resale of veneer logs.</p> <p>Adkins uses the conversion factor, as determined by the USFS and accepted by the IN DoF, for the yield in tons of chip/sawdust for each 1000 board feet of lumber sawn.</p>									
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>Adkins Sawmill records the yield of lumber, by species and grade as sawn, for additions to its credit system. An NHLA grader complies the final data at the time of grading.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A (explain)
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A (explain)									
<p>5.2 Material balances</p>										
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Adkins Sawmill has provided a summary of all its FSC transactions, ref. the IN DoF Adkins Sawmill folder.</p> <p>For Inputs: a, supplier contracts and Adkins Sawmill tally sheets; b, quantities received by species and board feet; c, the FSC claim as determined by the contract or assessment.</p> <p>For outputs: a, Adkins Sawmill has the invoices for sales of FSC Mixed Credit chips and sawdust and Pure veneer logs; b, the quantities sold per customer invoice; c, the FSC claim as summarized in summary sheets, d, details of the species sold (where applicable), e, and the Adkins Sawmill invoice/delivery ticket number.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>Adkins Sawmill has supplied a summary of all FSC inputs and sales by species; this list is included in the Adkins supplier book, with the information handwritten in by supplier. Adkins does not maintain a fwritten inventory of any logs; no FSC inputs or outputs were in stock.</p>	
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Adkins Sawmill determines the FSC claim for veneer logs sold using the transfer system. The credit system is used for determining the claim for sawdust and chips sold. No FSC certified lumber has been sold at the time of this audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Adkins Sawmill has only one operational site, in DePauw-Mitchell, IN. All credit system calculations are determined at this site.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p style="text-align: center;">6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Chain of Custody or FSC Controlled Wood code; g) clear indication of the FSC claim for each product item or the total products (refer to standard for details on claims) h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoices (delivery tickets) for FSC outputs from Adkins Sawmill include: a, the Adkins Sawmill name, address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description of the veneer log or sawdust/chips sold e, the quantity in logs or truck loads (in board feet if lumber); f, the IN DoF Group CoC and the group member designation; g; the FSC claim; h, and sufficient information to link the invoice to the BOL issued by Adkins Sawmill: the customer name and date.</p> <p>Adkins Sawmill documents checked were: Indiana Veneer (Veneer Logs), Delivery Ticket #3074, 12/29/10 and Domtar, Delivery Ticket #3117, 3/29/11. These were the only Adkins Sawmill FSC sales transactions.</p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>

<p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p><u>Note: the delivery tickets serve as invoices, and documentation the sale. The price of sale is documented elsewhere, and included in the payment statement from the customer. The final quantity is determined by: 1, the chip/sawdust customer by weight at the customer site; and 2, the customer scale of the veneer logs at the customer site. C/Obs.</u></p> <p><u>g. Adkins only invoice/delivery ticket for FSC Mixed Credit wood stated "FSC Credit". NC.</u></p>									
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p><u>The Delivery Ticket issued by Adkins Sawmill serves as the invoice/documentation of sale for veneer logs and sawdust/chips.</u> <u>See C w/Obs fro clause 6.1.1</u></p> <p><u>The incorrect claim is stated on the delivery ticket; "FSC Credit." NC</u> <u>See non-conformance for clause 6.1.1 g.</u></p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input checked="" type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	NC									
<input checked="" type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input checked="" type="checkbox"/>	N/A									
<p>6.3 Supplying FSC Controlled Wood</p>										
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Adkins Sawmill does (or will) comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood. To date, Adkins Sawmill as not sold lumber of veneer logs as FSC Controlled Wood.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									
<p>PART II: Systems for controlling FSC claims</p>										
<p>7. Transfer system Is the transfer system used to determine FSC claims?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>										
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>										

7.1 Specification of claim periods or job orders		
<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>FSC Claims are determined, by Adkins Sawmill, on a log by log basis for FSC veneer logs.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
<p>The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.</p>	<p>As confirmed in the review of invoices issued by Adkins Sawmill for this audit, the FSC Pure claim issued was correctly transferred from the supplied FSC claim. The claims are determined on an individual log-by-log (I.e. job) basis (for veneer logs only).</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>8. Percentage system</p> <p>Is the percentage system used to determine FSC claims?</p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)		
<p>Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.</p>		
8.1 Specification of claim periods or job orders		
<p>8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
<p>8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9. Credit system Is this system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.</p>		
<p>Description of credit account:</p>	<p>For all logs sawn into lumber or for sawdust/chips at Adkins Sawmill, the credit system is used to assign a Mixed Credit FSC claim. All FSC Pure logs, purchased by Adkins Sawmill, are scaled by Dennis Voyles. Entries are made into the credit account for logs received by species in board feet based on the tally sheets printed from the hand-held computer. The lumber yield, based on the actual lumber sawn, is entered into the credit account. The credit is entered in lumber board feet by species and grade: FAS, 1 Common, 2 Common, and cants (pallet stock, and railroad ties for example). On the sale of FSC Mixed Credit lumber, the quantity for the species and grade is reduced by the amount sold. On the sale of sawdust/chips, the credit account is reduced by the quantity in tons sold. The credit account quantity for sawdust/chips is based on U.S. Forest Service conversion factors for yields of sawdust/chips from the sawmilling process.</p>	
<p>9.1 Specification of claim periods</p>		
<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>	<p>Adkins Sawmill is using a base claim period of one month.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>	<p>Adkins Sawmill uses the input claim as determined by the original timber purchase contract. This, in all FSC receipts to date, has been FSC Pure. There is no expectation of any FSC claims beside FSC Pure based on the existing FSC certified timber available. However, if FSC Mixed Credit logs are available as inputs, their use will be in compliance. No percentage claim FSC inputs are applicable.</p>	

9.3 Adding FSC credit to the credit account		
9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.	Adkins Sawmill uses US Forest Service conversion factors for determining the sawdust/chip outputs, in tons, from sawn hardwood lumber. This conversion factor is used in the Adkins Sawmill credit account spreadsheet.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.	Adkins Sawmill takes actual ownership at initiation of the timber contract; before the arrival of FSC logs to the Adkins Sawmill yard. Credit is added to the credit account only after the physical arrival of the logs at the Adkins Sawmill site.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)	Sales of FSC Mixed Credit sawdust/chips were checked against the credit account. The correct amount of credit was withdrawn, at the time of sale, for the corresponding quantity of sawdust/chips in tons.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.	The Adkins Sawmill salesman-Dennis Voyles-has immediate access to the current credit account records; he maintains the credit account. All FSC sales are reviewed against the credit account before an FSC Mixed Credit sale is conducted.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.	The Adkins Sawmill credit account formulae has included, for each lumber species and grade, the limitation that sales of FSC Mixed Credit lumber or sawdust/chips does not exceed the sum of new FSC credit added during the previous 12 months.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
PART III: Labeling and FSC Trademarks		
11 Eligibility for Labeling		
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'		
Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)		

10. General labeling requirements		
10.1 Application of FSC labels	<input checked="" type="checkbox"/> N/A, does not label FSC products	
Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
10.1.1 When applying an FSC on-product label the organization ensures that: a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0; b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0		
<input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions		
Describe where/how the organization uses the FSC trademarks for promotion:		

<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization’s certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16 All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART IV: Supplementary Requirements

<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p>	<input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products
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12.1 Pre-conditions for outsourcing

<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	
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12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>12.2 Maintaining traceability and paper trails</p>	<input checked="" type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)
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<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.		
<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)		
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES ₂₃ Appendices I, II or III.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.	<i>Submit calculations with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

13.2 Rationale and action plan		
13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.	See section 2E of Summary Report	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.	<i>Submit any new applications with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Adkins Sawmill, FSC-SCS-CW-002041AO
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	30 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

Controlled Wood System Overview	
Description of system by which company monitors purchases of non-FSC certified wood included in company’s program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual members’ certifications. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Adkins Sawmill must demonstrate to the forest level of the district of origin that all wood, that is purchased and assessed as FSC Controlled Wood by Adkins Sawmill, is within in the area included in the RA.</p>

Part 1: Quality System Requirements		
1. Company Policy		
<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood; b) Wood harvested in violation of traditional and civil rights; c) Wood harvested in forests where high conservation values are threatened by management activities; d) Wood harvested in forests being converted to plantations or non-forest use; e) Wood from forests in which genetically modified trees are planted.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no program of verification, buys FSC Controlled Wood</p> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The public policy is included on the IN DoF website. Adkins Sawmill has accepted this publicly available policy as is included in the IN DOF requirements for group membership.</p>	
2. Procedures		
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Adkins Sawmill manager, Dennis Voyles, has adopted and uses the IN DOF group member CW procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that: responsibilities are assigned through the use of a template, Appendix B-1, with accompanying procedures. Adkins Sawmill has assigned Dennis Voyles, the Sawmill Manager, to fulfill the responsibilities for this group member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

3. Training		
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Adkins Sawmill has adopted the required training programs. The staff member interviewed, the loader operator, did explain how he had received the appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Adkins Sawmill employees is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Dennis Voyles, the only relevant staff member, was aware of his responsibilities in for Controlled Wood as assessed by Adkins Sawmill.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Adkins Sawmill had current training records available for this site audit dated 5/24/2010 and included two key employees involved in material handling.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
4. Records		
<p>4.1 The company maintains records that demonstrate compliance with the applicable</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>requirements of this standard. Records are retained for a minimum of 5 years.</p>	<p>Group. This does include audits of all Group members annually. Adkins Sawmill, as a group member, does comply with this clause, and retains all required records for five years, as confirmed, with Dennis Voyles during course of the audit.</p>	
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Part 2: FSC Controlled Wood Supply requirements

5. Supplier Identification

<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>d) the name and address of the supplier;</p> <p>e) description of the wood supplied;</p> <p>f) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p>A complete listing of all suppliers of wood assessed by Adkins Sawmill was recorded in the handwritten book record maintained by Dennis Voyles. <u>This book did contain the required information for suppliers assessed for FSC Controlled Wood.</u> However, equipment was not available to duplicate this listing. Also, as shown in other the attachments in the IN DOF CD, this information is not easily transferred into electronic data and/or copied. <u>Complete in main report or submit separately</u></p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input checked="" type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood

<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>g) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>h) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>i) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>Adkins Sawmill has not purchased FSC Controlled Wood from a supplier certified to trade in FSC Controlled Wood.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									

<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>Adkins Sawmill had not purchased any Controlled Wood from a certified supplier of FSC Controlled Wood.</p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood

<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual members certification. The DOF has conducted, submitted, and received approval form SCS for it CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Adkins Sawmill must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA. All FSC Controlled Wood is to be purchased directly from loggers or landowners. The specific forest track is identified on contracts, in the sale agreement, or by the delivering logger in the form provided in the Group member procedures, Appendix 13.</p>
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<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <p>d) determined and kept records of country and district of origin, to the forest level*, of wood supplied;</p> <p>e) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and</p> <p>f) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.</p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are to be verified for district of origin, forest level, and records are to be kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <p>a) Adkins Sawmill requires that: either the specific tract of forestland is determined when it buys logs from a logger or the forestland owner and/or the timber is assessed as FSC CW.</p> <p>b) Documentation includes the Adkins Sawmill computer printout from the hand-held computer, and a contract or purchase agreement or sales contract. <u>The scale printout does not indicate</u></p>	<table border="1"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									

<p>* FSC-DIR-40-005, ADVICE-40-005-04</p>	<p><u>the forest level/county of origin.</u> c) The Adkins Sawmill purchases logs on site, and provides a continuing audit of controlled wood audits.</p> <p>No sample documentation is available due to lack of copy capabilities at this site.</p> <p>Submit sample of documentation proving forest of origin with report.</p>									
<p>FSC-DIR-40-005, ADVICE-40-005-04 For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									
<p>10. Species listed on CITES</p>										
<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>Part 3: Risk assessment and verification program</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>		<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>
<p>11. Risk Assessment for non-certified wood</p>		
<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> d) District of the assessment; e) risk level with justification per Controlled Wood category; f) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be “Low Risk” for all five categories. Information is provided to Adkins Sawmill by: direct logging contracts with landowners; contracts with loggers or sawmills harvesting from known and documented forest tracts; identification of the county (or specific site or township) on the trucking or receiving documentation; and other documentation identifying the forest level of origin as determined by Adkins Sawmill. The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>	
<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA. Adkins Sawmill has identified the specific sources of all logs it has assessed as FSC Controlled Wood.</p> <p><u>The documentation for some of the controlled wood sources did not include the completed Appendix 13: Declaration of District of Origin. The forest level of origin was elsewhere recorded; however this form is required by IN DOF Group procedures in circumstances prevalent at Adkins Sawmill (limited resources for electronic data usage and a very small staff).</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law,</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>

<p>breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>		
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin </p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following:</p> <ul style="list-style-type: none"> h) Name and address of SCS (can be completed by SCS)* i) Date of the risk assessment j) Date of review by SCS (completed by SCS)* k) Names of district(s) for which the risk assessment has been conducted l) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts m) Brief justification for each of the controlled wood categories considered low risk n) Listing of sources of information used to assess the indicators <p>* <i>FSC-DIR-40-005, ADVICE-40-005-07</i></p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the included IN DoF CD attachment under Controlled Wood.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		

13. Verification program for wood from Districts of unspecified risk		
11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)		
<input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin		
13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist) *The company can choose to implement the verification program on its own, or authorize another organization to do it.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
14. Complaints Mechanism		
14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered	IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>	<p>required for a length of five years. As a Group Member, these procedures are included in the Adkins Sawmill CW procedures, At. 2, part V.</p>							
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected. As a Group Member, these procedures are included in the Adkins Sawmill CW procedures, At. 2, part V.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery. As a Group Member, these procedures are included in the Adkins Sawmill CW procedures, At. 2, part V.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<input type="checkbox"/>	NC							
<input type="checkbox"/>	C w/Obs							
<p align="center">Part 4: Sale of FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p align="center"><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>								
<p>15. Supplying FSC Controlled Wood</p>								
<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041AV.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
<input checked="" type="checkbox"/>	C							
<input type="checkbox"/>	NC							
<input type="checkbox"/>	C w/Obs							
<p>15.2 The company includes the following information on all</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC		
<input checked="" type="checkbox"/>	C							
<input type="checkbox"/>	NC							

<p>invoices issued for sales of its FSC Controlled Wood products:</p> <p>g) the name and address of the buyer;</p> <p>h) the date on which the invoice was issued;</p> <p>i) description of the product;</p> <p>j) the quantity of the product sold;</p> <p>k) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>l) The FSC Controlled Wood code issued by SCS.</p>	<p>information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Adkins Sawmill invoices reviewed indicated that no lumber, logs, or sawdust/chips were sold as FSC Controlled Wood. The sale of Controlled Wood is included on the Adkins Sawmill product group list; more specifically for the sale of FSC CW sawdust/chips.</p>	<p><input type="checkbox"/> C w/Obs</p>
<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued. Adkins Sawmill has not sold any lumber, logs, or sawdust/chips as FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Annex 4: Provisions for claims related to FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is to be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Adkins Sawmill in segregation marks. Veneer logs are identified with FSC painted on one end; however these logs maintain their identification as FSC Pure, and are not applicable to this standard.</p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off-product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Adkins Sawmill, as observed during the company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during</p>	<p>The statement "Controlled Wood" or "FSC Controlled Wood" is not used in segregation marks by Adkins Sawmill.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>

<p>manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>		
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Adkins Sawmill has not sold any FSC Controlled Wood. It has confirmed in this audit that Dennis Voyles is aware of this requirement.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.5. The statement "FSC Controlled Wood" shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual at Adkins Sawmill surveillance was in English.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote "FSC Controlled Wood". The Group Entity does not use or promote "FSC Controlled Wood" on its website or other communications outside of the group membership.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the "FSC Controlled Wood" statement is to be clearly linked to the specific items sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Adkins Sawmill is aware of this requirement. At the time of this site audit, this in N/A to Adkins Sawmill.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.8 The statement 'FSC Controlled Wood' in sales and shipping</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation</p>	<p><input checked="" type="checkbox"/> C</p>

documentation is always accompanied by FSC Controlled Wood code issued by SCS.	documents always include the FSC Controlled Wood code issued to the IN DoF. At the time of this site audit, this in N/A to Adkins Sawmill.	<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.	The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members selling "FSC Controlled Wood".	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.	The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members, to include Adkins Sawmill, in this 2011 annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041 AA
Site:	Bane Logging, Brownstown, Indiana
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	11 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. William (Bill) Bane is the appointed representative for Bane Logging. Gina Bane handles the administration for the company.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.</p>	<p>Carl Hauser is fully aware of the CoC requirements of the Group Entity. Gina Bane was interviewed for this audit and demonstrated reasonable awareness of the company's procedures and competence in implementing the firm's FSC CoC management system. Bill Bane administers all processes relating to FSC; the logging operation employs six personnel in total.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Procedures</p>		
<p>1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.</p>	<p>Ref. At. 2, Bane Logging has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaint procedures are not included.</u> <u>Submit with report</u></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.</p>	<p>The procedures established for all Group members designate the responsibilities for each group member. These responsibilities are assigned to Bill Bane and Gina Bane, in Appendix B-1, of the Group Member Procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u> e) <u>compliance with FSC requirements;</u> f) <u>to make these records available to SCS upon request</u> g) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> h) <u>to document actions taken</u> <u>See clause 1.2.1.</u></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.3 Training</p>		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Bill Bane</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	conducts training at this location.	
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Bane Logging did have current training records documented and available for this audit. The training records were dated December 28, 2010 and March 28, 2011, and included the signatures of five employees in total.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Bane Logging had up-to-date records required for applicable requirements of this standard available for this audit and available to the IN DoF Group Entity audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires that all relevant documentation be retained by the Group Member for five years. Bane Logging had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Bane Logging has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making	Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Bane Logging has designated	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.</p>	<p>the transfer system for all log sales. Only one site is applicable to Bane Logging, the log yard on RT 135, Freetown, IN. The Bane Logging office is in the Bane home; Brownstown, IN. The site of the log yard is not included on the Bane Logging group product list.</p>	
<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>	<p>N/A</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>3. Material Sourcing</p>		
<p>3.1 Input specifications</p>		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Bane Logging has complied with the requirement and uses the categorizations and definitions as stated.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Bane Logging has demonstrated that it does classify all FSC receipts; and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all logs timbered as: FSC Pure.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2 Supplier validation</p>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Bane Logging has a record of their FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (CW is not applicable.) Bane Logging has this list on file in its FSC folder.</p> <p>The list of FSC suppliers consists of five suppliers: the IN DoF, and four suppliers that are members of the IN DoF FSC</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>FM/COC Classified Forests Group. All supply hardwood sawlogs, UN 0312; all FSC inputs from these suppliers are FSC Pure. IN DOF: SCS-FM/COC-000099N; The following are SCS FM/COC-000123N: Todd Kulich: 40-193 Durham Brothers: 36-139 John and Sharon Huber: 7-12 Roy Schebier: 69-85 (The number following the name represents the IN Classified Forest group member's number: IN county and tract number). <i>Submit with report</i></p>	
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org.</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. Bane Logging has on file the name of its' FSC suppliers verified with the IN DoF: The IN Classified Forest members are listed on the IN DOF website, and are verified as certified members on that site.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>3.3 Purchase of Non-FSC certified virgin or reclaimed material</p>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p><input type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products</p>	
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p><input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material</p>	
<p>Purchase of FSC Controlled Wood</p>		
<p>FSC-STD-40-005 V2-1, 7.1 For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> j) all wood supplied as FSC Controlled Wood is clearly identifiable as such; k) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products 	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p>	

<p>supplied.</p> <p>l) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>		
<p><i>FSC-STD-40-005 V2-1, 10.1</i></p> <p>The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p> <p><input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>	
<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>	
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim</p>	<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>	

<p>where applicable, with the lowest FSC or post-consumer input per input volume.</p>										
<p>4. Material receipt and storage</p>										
<p>4.1 Identification of input</p>										
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that: a) the supplied material quantities and quality are in compliance with the supplied documentation; b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>The quantity, quality, and species of all trees harvested are included in the IN DoF or other forest tract sale contracts. The FSC Pure claim and the IN FSC FM/COC code numbers are also included in the state contracts. Bane has contracts for all other purchases of FSC timber. FSC Supplier documentation checked during this audit included the IN DOF contract # 6351001, October 20, 2010 for a parcel in the Jackson-Washington State Forest.</p> <p>The four other contracts were: Dunham, Dec. 7, 2010; Kulich, Sep. 7, 2010; Huber, Oct. 14, 2010; and Schebier, Nov. 20, 2010. These contracts were for FSC Pure timber. Three of the four contracts were on the IN DoF supplied template contracts for the sale of FSC timber (for FSC IN Classified forestlands); executed correctly. One contract, Kulich, was a standard timber sale contract, annotated to include FSC identifiers. These documents included sufficient information to comply with a, b, and c of the clause.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<input type="checkbox"/>	C w/Obs									
<p>4.2 Segregation</p>										
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>FSC logs are either: 1, stocked in the Bane Logging yard in Freetown; or 2, delivered directly to its customers from the logging site. According to Gina Bane, logs in the log yard are stored in a separate section of the yard. FSC logs are also painted green on one end of the log. She also stated that there were currently no FSC logs in stock at the yard. The deliveries to customers are on Bane Logging trucks. Logs harvested</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A (explain)</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A (explain)
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A (explain)									

	from FSC contract purchases are not mixed with logs from any other timbering operations.	
4.3 Precautions for labeled material		
4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.	No labels are attached to the logs, FSC or not.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.	Bane Logging logs are not purchased with any labels on product.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5. Volume control		
5.1 Conversion factors		
5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.	Bane Logging purchases timber by the board foot, Doyle scale. The FSC logs it sells are scaled by the customer, again in Doyle scale. Pulpwood is sold in tons.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.	<p>No conversion factor is applicable for the sale of logs to customers; the customer tallies the logs received from Bane Logging on arrival at its location. All tallies are in Doyle scale. Pulpwood is weighed on arrival at the customer.</p> <p>For pulpwood sales, Bane has included the conversion factor of Doyle scale to tons in its procedures. (It has not sold any FSC pulpwood to the date of this audit.)</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
5.2 Material balances		
5.2.1 For each product group the organization has established a material accounting record to ensure that at all	At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC

<p>times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Bane Logging has provided a record of its FSC transactions. For inputs its' accounting records are the IN DoF contract; for outputs, its' accounting records are the delivery tickets issued by the receiving customer: Frank Miller Lumber.</p> <p>For Inputs: a, the FSC IN DoF supplier contract number and date; b, quantities received by species per the referenced contracts; and c, the FSC claim as determined by the contract.</p> <p>For outputs: Logs are tallied, by the customer, on delivery of the FSC logs (Frank Miller Lumber for all FSC sales). Records include: a, an invoice copy (for record only) of the FSC sale; b the quantity delivered by species and volume; listed on an FSC sales summary form; c, the FSC Pure claim; d, N/A no invoice is actually sent to the customer, but a Quickbooks file copy invoice record is maintained with an FSC sale summary-total board feet sold; and e, the name of the forest tract harvested.</p> <p><u>Bane Logging does not receive the actual tally record from Frank Miller Lumber, and has no record of each specific FSC log delivery.</u></p>	<p><input type="checkbox"/> C w/Obs</p>
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:</p> <p>a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>Bane Logging provided the following data: a. FSC timber purchased was 746,000 Board Feet Doyle; b, c & d, N/A; e, FSC logs sold were 150,231 Board Feet Doyle.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems:</p> <p>a) transfer system applicable to all</p>	<p>Bane Logging determines the FSC claim for logs sold using the transfer system.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>		
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization’s FSC Chain of Custody or FSC Controlled Wood code; g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>) h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>The IN Group Member procedures require the issuing of compliant invoices or equivalent documentation. Bane logging does not send invoices to its customers. It accepts the tallies reported back to it by the customer from the customer tallies.</p> <p>On receipt of the customer FSC log tallies, it then completes/issues two documents: 1, an invoice for record in its Quickbooks system; and 2, and “FSC Chain of Custody: summary sheet. These records include: a, the Bane Logging name and address; b, the customer name and address; c, the documents’ date of issue; d, a listing of the species of the logs; e, the number of logs sold of each species and the total board feet for each species; f, the Bane Logging FSC CoC code; g, the FSC Pure claim; and h, N/A no transport or shipping documents are issued by Bane Logging.</p> <p>The Bane Logging FSC CoC code was correctly listed on the record invoice; <u>however an incorrect FSC CoC subcode was included on the “Chain of Custody FSC” form dated 2-7-2011: SCS-COC-002041-Y, for sale # 23838 to Frank Miller Logging.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>Bane Logging does not issue any transport or delivery tickets. The customer tallies the logs and subsequently issues a statement and payment to Bane Logging.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6.1.3 When selling semi-finished products</p>		<p><input type="checkbox"/> C</p>

<p>with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
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6.3 Supplying FSC Controlled Wood

<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
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PART II: Systems for controlling FSC claims

7. Transfer system **Is the transfer system used to determine FSC claims?**
 Yes No (Skip this section)

Eligibility: The transfer system shall be used for trading activities related to finished products and for the production of FSC Pure product groups.

7.1 Specification of claim periods or job orders

<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>FSC claims are determined by Bane Logging, on an individual forest tract basis.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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7.2 – 7.3 FSC claims using a transfer system

<p>The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.</p>	<p>Bane Logging has correctly determined the FSC Pure claim for logs harvested from the IN State DoF forests and the IN State Classified forests.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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8. Percentage system **Is the percentage system used to determine FSC claims?**
 Yes No (Skip this section)

Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.

8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9. Credit system	Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)	
Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.		
Description of credit account:		
9.1 Specification of claim periods		
9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.2 Determination of FSC and post-consumer input		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3 Adding FSC credit to the credit account		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
<p>9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
<p>9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART III: Labeling and FSC Trademarks

11 Eligibility for Labeling
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'
 Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)

10. General labeling requirements

<p>10.1 Application of FSC labels</p>	<input checked="" type="checkbox"/> N/A, does not label FSC products	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0 <input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p><i>FSC-STD-50-001 V1-1, 7.5</i>; The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<h2 style="text-align: center;">PART IV: Supplementary Requirements</h2>	
<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p> <p style="text-align: right;"><input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products</p>	
<p>12.1 Pre-conditions for outsourcing</p>	
<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	

<p>12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:</p>		
<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and</p> <p>b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.2 Maintaining traceability and paper trails <input type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)</p>		
<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.6 Promotion</p>		
<p>12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.7 Preclusion of subcontracting</p>		
<p>12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.</p>		
<p><input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)</p>		
<p>13.1 Specification and volume control</p>		
<p>13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.</p>	<p><i>Complete section 2E of Summary Report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES₂₃ Appendices I, II or III.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.</p>	<p><i>Submit calculations with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2 Rationale and action plan</p>		
<p>13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.</p>	<p>See section 2E of Summary Report</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.</p>	<p><i>Submit any new applications with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%</p>

Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%
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**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041AV
Site:	Crone Lumber Company, P.O. Box 1171, Martinsville, IN
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	30 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Steve Crone, Vice President Sales, is the appointed representative for Crone Lumber.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Steve Crone; Chantilly Schiscoe, Accounts Payable; Joe Crone, Log, Receiving and Log Buyer; and Tura LaMar (Invoicing) did demonstrate appropriate awareness of the company's procedures and strong competence in implementing the firm's CoC management system.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for	Ref. At. 2, Crone Lumber has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit.	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs

its scale and complexity.	<u>Complaints procedures are not included.</u> <u>Submit with report</u>	
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Crone Lumber in Appendix B-1 of the Group Member Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
FSC STD 20-001 V3-0, 22 Complaints	<u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u> i) <u>compliance with FSC requirements;</u> j) <u>to make these records available to SCS upon request</u> k) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> l) <u>to document actions taken</u> <u>See clause 1.2.1.</u>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.3 Training		
1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.	Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided, and by their respective company positions. Steve Crone is responsible for training at Crone Lumber; and he has conducted all FSC training for this group member.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Crone Lumber did have current training records documented and available for this audit. The training records were dated 6/16/10, 8/30/10, and 8/24/10 and included the signatures of all employees trained.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4 Records		
1.4.1 The organization maintains	Records covering all aspects of the	<input checked="" type="checkbox"/> C

<p>complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.</p>	<p>applicable requirements for this standard are required to be maintained by each Group member. Crone Lumber had up-to-date records required for all applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.</p>	<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.</p>	<p>The retention time specified, in At. 2, Group Procedures, requires all relevant documentation to be retained by the Group Member for five years. Crone Lumber had all requested records available for this annual surveillance.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2. Scope of Chain of Custody System</p>		
<p>2.1 Product Groups</p>		
<p>2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.</p>	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u> Crone Lumber has correctly completed the Product Group list template in At. 2. <u>Record in Summary Report or submit separately</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.</p>	<p>Each Group Member is required to designate in the Product Group List, At. 2, the specific control system used for making FSC claims. Crone Lumber has designated the Credit System for all lumber sales. It has also designated the transfer system for resale of FSC Pure logs. Only one site is applicable to Crone Lumber, Martinsville, IN.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>	<p>Within its credit system, Crone does separate all lumber by species and grade. It has established conversion factors for each species by grade; and has these conversion factors formulae imbedded in the yield and grade credit account factors for each lumber species. These practices were verified in a full trial examination of the Crone credit system excel spreadsheet</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

	during the site audit.	
3. Material Sourcing		
3.1 Input specifications		
3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.	As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Crone Lumber has complied with the requirement and uses the categorizations and definitions as stated.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.	The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Crone Lumber has demonstrated that it does so classify all FSC receipts, and that only qualified and eligible inputs are used for FSC material receipts. It classifies all log receipts as: FSC Pure or FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2 Supplier validation		
3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.	All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Crone Lumber has a record of their FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (a CW code is not applicable). See the Crone Lumber file; Supplier listing of all FSC certified and controlled wood suppliers of logs and veneers. All FSC certified logs have been purchased from the listed FSC suppliers or from the Indiana State DoF. <i>Submit with report</i>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org .	All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org . Crone Lumber has on file the list of suppliers verified on http://info.fsc.org . This verification process (on-line) was demonstrated during this audit; and the individual Indiana State DOF/ FM group (IN classified forest membership) was verified.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
3.3 Purchase of Non-FSC certified virgin or reclaimed material		
3.3.1 For the purchase of non-certified		

<p>controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p><input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products</p> <p>See attached Crone Lumber 40-005 CW audit report.</p>
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p><input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material</p>
<p>Purchase of FSC Controlled Wood</p>	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> m) all wood supplied as FSC Controlled Wood is clearly identifiable as such; n) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. o) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p>
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>
<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Crone Lumber does check these documents on receipts of FSC products.</p> <p>FSC Supplier documentation checked during this audit were contracts for the following timber purchases: Indiana State DOF SCS-FM/COC-00099N for Morgan-Monroe State Forest Sales # 6420918, 6/18/02-logged 10/19/10; and # 6420919, 6/18/09-logged 9/17/10; Spalding Family</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>Trust, Indiana State DOF SCS-FM/COC-000123N (Tracts 60-35 & 60-37) 7/2/10-logged 10/6/10. Tally sheets (Crone Lumber log receipts) were available for the delivery of logs from these FSC operations, in addition to the timber sale contracts. All receipts were for FSC Pure logs. These documents included sufficient information to comply with a, b, and c of the clause.</p>	
4.2 Segregation		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>On arrival at the Crone Lumber log yard, FSC veneer logs are marked as FSC on the end, and stored in a separate area for veneer logs. All other logs are added to the standard log yard inventory by species, quality, and size.</p> <p>FSC logs are accounted for by volume and are mixed with all other logs. All other received logs are assessed by Crone Lumber as Controlled Wood. Crone Lumber employs the credit system for controlling FSC claims for all lumber.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
4.3 Precautions for labeled material		
<p>4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>	<p>No labels are attached to the logs, FSC or not.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Crone Lumber logs are not purchased with any labels on product.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
5. Volume control		
5.1 Conversion factors		
<p>5.1.1 For each product group the</p>	<p>Crone Lumber purchases by the board</p>	<p><input checked="" type="checkbox"/> C</p>

<p>organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.</p>	<p>foot, Doyle scale. For the sawing, trimming, and edging of the lumber, it has established yields from board feet Doyle scale to board feet lumber scale, Kiln Dry.</p> <p>Logs resold as veneer logs are scaled again at the time of sale to confirm the log volume; no conversion factor is applicable for the resale of veneer logs.</p>	<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>Crone Lumber has a NHLA certified lumber grader that scales (grades and measures) all dried lumber. The yield of lumber by species and grade is recorded and the results reviewed monthly.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u> a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u> a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Crone Lumber has provided a summary of all its FSC transactions, ref. the IN DoF Crone Lumber folder and attached Crone Lumber folder.</p> <p>For Inputs: a, supplier contracts and Crone tally sheets; b, quantities received by species and board feet; c, the FSC claim as determined by the contract or assessment.</p> <p>For outputs: a, Crone Lumber invoices and a listing of all FSC Mixed Credit (lumber) and Pure (logs) sales; b, the quantities sold per customer invoice; c, the FSC claim as summarized in summary sheets, d, details of the species sold, e, and the Crone Lumber customer job or order number (when given by the customer), and customer order number.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable);</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>Crone Lumber has supplied a comprehensive summary of all FSC inputs,</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>inventory and sales by species; this list is included in the Crone Lumber folder, as attached, and in the IN DoF Crone Lumber folder.</p>	
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Crone Lumber determines the FSC claim for veneer logs sold using the transfer system. The credit system is used for determining the claim for all lumber sold.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Crone Lumber has only one operational site, in Martinsville, IN. All credit system calculations are determined at this site.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p style="text-align: center;">6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Chain of Custody or FSC Controlled Wood code; g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>) h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoices for FSC outputs from Crone Lumber include: a, the Crone Lumber name, address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description of the log or lumber sold (including species) e, the quantity in board feet; f, the IN DoF Group CoC and the group member designation; g; the correct FSC claim; h, and sufficient information to link the invoice to the BOL issued by Crone Lumber: customer name, product references, date, etc.</p> <p>Crone Lumber Invoices checked included: Northland Corporation # 26303, 10/21/10; Robinson Lumber & Flooring # 26315, 2/11/11; Charles Horn Lumber Co. # 26305, 10/27/10; and Mitchell Veneer # 26311, 11/30/10 & # 26297, 10/15/10.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>		
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>The BOL issued by Crone Lumber includes the same information as required in 6.1.1</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6.3 Supplying FSC Controlled Wood</p>		
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Crone Lumber does comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood. To date, Crone has not sold lumber or veneer logs as FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>PART II: Systems for controlling FSC claims</p>		
<p>7. Transfer system Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>		
<p>7.1 Specification of claim periods or job orders</p>		
<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>FSC Claims are determined, by Crone Lumber, on a job basis for FSC veneer logs.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	As confirmed in the review of invoices issued by Crone Lumber for this audit, the FSC Pure claim issued was correctly transferred from the supplied FSC claim. The claims are determined on an individual log-by-log (I.e. job) basis (for veneer logs only).	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8. Percentage system		
Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)		
Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.		
8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9. Credit system		
Is this system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)		
Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.		

<p>Description of credit account:</p>	<p>For all logs sawn into lumber at Crone Lumber, the credit system is used to assign a Mixed Credit FSC claim. All FSC Pure logs, purchased by Crone Lumber, are scaled by the buyer, Joe Crone, or another assigned buyer. Entries are made into the credit account for logs received by species in board feet based on the tally sheets printed from the hand-held computer. The lumber yield, based on documented historical conversion factors, is then entered into the credit account. The credit is entered in lumber board feet by species and grade: FAS, 1 Common, 2 Common, and cants (pallet stock, and railroad ties for example). On the sale of FSC Mixed Credit lumber, the quantity for the species and grade is reduced by the amount sold.</p>	
<p>9.1 Specification of claim periods</p>		
<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>	<p>Crone Lumber is using a base claim period of one month. However, additions and reductions are done on occurrence.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>	<p>Crone Lumber uses the input claim as determined by the original timber purchase contract. This, in all FSC receipts to date, has been FSC Pure. There is no expectation of any FSC claim beside FSC Pure based on the existing FSC certified timber available. However, if FSC Mixed Credit logs are available as inputs, their use will be in compliance. No percentage claim FSC inputs are applicable.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.3 Adding FSC credit to the credit account</p>		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>	<p>Crone has developed conversion factors for each species. It has an overall yield factor for each species and a breakdown by all normal commercial grades. These conversion factors are embedded into the Excel spreadsheet used to maintain the credit account. These formulae were checked at random in the course of this audit, and represented species-specific grade yields compliant with industry standards, for each respective species.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>	<p>Crone Lumber takes actual ownership at initiation of the timber contract; well before the arrival of FSC logs to the Crone Lumber yard. Credit is added to the credit account only after the physical arrival of the logs at the Crone Lumber site.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.4 Withdrawing FSC credit from the credit account</p>		
<p>9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)</p>	<p>Sales of FSC Mixed Credit lumber were checked against the credit account. The correct amount of credit is withdrawn, at the time of sale, for the corresponding species and grade of lumber sold.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.5 Credit account management</p>		
<p>9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.</p>	<p>The Crone Lumber sales staff has immediate access to the current credit account records. All FSC sales are reviewed against the credit account before an FSC Mixed Credit sale is issued. This was confirmed with Steve Crone, Vice President of Sales, during this site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.</p>	<p>The Crone Lumber credit account formulae have included, for each lumber species and grade, the limitation that sales of FSC Mixed Credit lumber do not exceed the sum of new FSC credit added during the previous 12 months.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>PART III: Labeling and FSC Trademarks</p>		
<p>11 Eligibility for Labeling FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council' Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)</p>		
<p>10. General labeling requirements</p>		
<p>10.1 Application of FSC labels</p>	<p><input checked="" type="checkbox"/> N/A, does not label FSC products</p>	

<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>	<input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions	
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating "only the products that are identified as such on this document are FSC certified".</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization's product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

PART IV: Supplementary Requirements

12. Outsourcing

NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.

N/A, does not outsource processing of FSC products

12.1 Pre-conditions for outsourcing

Describe the outsourced processing activity(ies) including which FSC material/product is affected:

Crone Lumber has used Amos Hill, FSC SCS CoC certified, to steam FSC walnut lumber.

12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

a) The organization has legal ownership of all input material to be included in outsourced processes; and
b) The organization does not relinquish legal ownership of the materials during outsourced processing;

Ref. At. 2, IN DoF Group Member procedures; 12.1. Group members must retain legal ownership of all FSC wood during any outsourcing activities. Crone Lumber does maintain legal ownership through all outsourcing activities, steaming of walnut logs.

C
 NC
 C w/Obs

c1) The organization has an agreement or contract covering the outsourced process with each contractor.

All IN DoF Group members that outsource any processing of FSC wood must have a signed agreement with the outsourced contractor; At. 2, 12 and Appendix B-12.

C
 NC
 C w/Obs

c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;

Crone Lumber has signed agreements with Amos Hill to steam walnut lumber.

C
 NC
 C w/Obs
 N/A (certified)

12.2 Maintaining traceability and paper trails

N/A (all contractors are FSC certified) (skip section 12.2)

d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.

C
 NC
 C w/Obs

12.2.1 The organization's control system for the outsourced process ensures that:

a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;

C
 NC
 C w/Obs

<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p>See section 2C of Summary Report with references to the outsourced contractors. The specific group members that use listed contractors are noted.</p> <p><i>Complete section 2C of Summary Report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>	<p>Details are provided for the manufactures included as Group Members, and for each contractor that has conducted outsourcing.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>	<p>The IN DoF Group Members procedures, At. 2, 12, Outsourcing, require that the group member, not the contractor, issue the invoice for the FSC certified product. Crone Lumber issues the invoice for the FSC veneers in all cases.</p> <p>No evidence was observed in this audit process that outsourced contractors for Crone Lumber have issued any invoicing for FSC walnut lumber.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>	<p>N/A to the FSC certified outsourced contractor: Amos Hill.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (certified)

12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).	N/A, to the FSC certified outsourced contractor: Amos Hill.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.	N/A, to the FSC certified outsourced contractor: Amos Hill.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (certified)
13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.		
<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)		
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES ₂₃ Appendices I, II or III.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.	<i>Submit calculations with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

13.2 Rationale and action plan		
13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.	See section 2E of Summary Report	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.	<i>Submit any new applications with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Crone Lumber, FSC-SCS-CW-002041AV
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	30 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

Controlled Wood System Overview	
Description of system by which company monitors purchases of non-FSC certified wood included in company’s program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual members; certifications. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Crone Lumber must demonstrate to the forest level of the district of origin that all wood, that is purchased and assessed as FSC Controlled Wood by Crone Lumber, is within in the area included in the RA.</p>

Part 1: Quality System Requirements										
1. Company Policy										
<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The public policy is included on the IN DoF website. Crone Lumber developed a corresponding publicly available policy, and is included in the IN DOF folder for Crone Lumber.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood	
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood									
2. Procedures										
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Crone Lumber has adopted and uses the IN DOF group member CW procedures.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that: responsibilities are assigned through the use of a template, Appendix B-1, with accompanying procedures. Crone Lumber has assigned Steve Crone to fulfill the responsibilities for this group member.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
3. Training										
<p>3.1 The company has specified training requirements for all</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC				
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									

<p>relevant staff, as required to implement the requirements of this standard.</p>	<p>Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2. Crone Lumber has adopted the required training programs. The staff interviewed as listed in the site audit report did evidence that they had received the appropriate training.</p>	<p><input type="checkbox"/> C w/Obs</p>
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Crone Lumber staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p><u>Staff members involved directly with the purchase of controlled wood were not fully aware of their responsibilities for Controlled Wood as assessed by Crone Lumber. Gate wood, without documentation of the forest level of the district of origin, has been accepted into the Crone FSC Controlled Wood program.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Crone Lumber had current training records available for this site audit dated August 12, 2010 and included all key staff members.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Records</p>		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>minimum of 5 years.</p>	<p>Crone Lumber, as a group member, does comply with this clause, and retains all records for five years; as confirmed, by Chantilly Schiscoe, during course of the audit.</p>	
<p>Part 2: FSC Controlled Wood Supply requirements</p>		
<p>5. Supplier Identification</p>		
<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>g) the name and address of the supplier;</p> <p>h) description of the wood supplied;</p> <p>i) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p>A complete listing of all suppliers of wood assessed by Crone Lumber was on file and provided for this audit. It is included in the Crone Lumber folder and in the IN DoF Crone Lumber folder.</p> <p><u>A description and the species and volume of the wood supplied is not included in this listing.</u> Complete in main report or submit separately</p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood</p>		
<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>p) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>q) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>r) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>Crone Lumber has not purchased FSC Controlled Wood from a supplier certified to trade in FSC Controlled Wood.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>Crone Lumber had not purchased any Controlled Wood from a certified supplier of FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> N/A</p>
<p>8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood</p>		
<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual members certification. The DOF has conducted, submitted, and received approval form SCS for it CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Crone Lumber must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA. All FSC Controlled Wood is to be purchased directly from loggers or landowners. The specific forest track is identified on contracts, the sale agreement, or the delivering logger documentation and Crone tally sheet.</p>	
<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <ul style="list-style-type: none"> g) determined and kept records of country and district of origin, to the forest level*, of wood supplied; h) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and i) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood. <p>* <i>FSC-DIR-40-005, ADVICE-40-005-04</i></p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are to be verified for district of origin, forest level, and records are to be kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <ul style="list-style-type: none"> d) Crone Lumber requires that either the specific tract of forestland is determined when it buys logs from a logger or forestland owner and/or the timber assessed as FSC CW. However, <u>it has also accepted "gate wood" into its Controlled Wood program, with an undocumented district of origin.</u> e) Documentation includes the Crone Lumber computer printout from the hand-held computer, and a contract or purchase agreement or sales contract. <u>The scale printout does not indicate</u> 	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

	<p><u>the forest level of the district of origin for “gate wood” logs.</u></p> <p>f) <u>The Crone Lumber log buyers purchase logs on site, and provide a continuing audit of controlled wood audits. No audit has been undertaken for those loggers or suppliers delivering “gate wood” logs.</u></p> <p><u>If was confirmed through the interview with Joe Crone, and a review of the receiving tally sheets, that uncontrolled “gate wood” has been entering the Crone Controlled Wood program. Joe estimated that “gate wood” did not exceed 5% of total log receipts.</u></p> <p><u>The Group Entity, the IN DoF, has asserted that suppliers of logs to all Group Members are within the assessed district(s) of origin by economic and logistical limitations inherit to small operations. This approach has merit, but does assure compliance with the intent of this clause. For Crone Lumber, two controlling documents have not been provided necessary to establish a basis for assessing all log receipts as FSC Controlled Wood. The documents not available for this audit and/or not executed sufficiently for compliance are: the FSC Controlled Wood form; Declaration of Forest of Origin, Appendix 13 to the Group Member FSC CoC procedures; and the Crone Lumber receiving tally sheet. These documents, filled out (executed) sufficiently to identify the forest level of origin, and in conjunction with the listing of FSC Controlled Wood suppliers required in clause 5.2, b and c, are needed for compliance for this Group Member.</u></p> <p><u>Submit sample of documentation proving forest of origin with report.</u></p>									
<p><i>FSC-DIR-40-005, ADVICE-40-005-04</i> For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									

<p>This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>		
<p>10. Species listed on CITES</p>		
<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
<p style="text-align: center;">Part 3: Risk assessment and verification program</p> <p style="text-align: center;">This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>	<p style="text-align: center;"> <input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products </p>	
<p>11. Risk Assessment for non-certified wood</p>		
<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> g) District of the assessment; h) risk level with justification per Controlled Wood category; i) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be “Low Risk” for all five categories. Information is provided to Crone Lumber by: direct logging contracts with landowners; contracts with loggers or sawmills harvesting from known and documented forest tracts; identification of the county (or specific site or township) on the trucking or receiving documentation; and other documentation identifying the forest level of origin as determined by Crone Lumber. The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>	
<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p>	<p> <input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>

<p>FSC-STD-40-005 V2-1.</p>	<p><u>The district of origin has not been confirmed for "gate wood" received at the Crone Lumber site.</u> <u>Ref. non-conformances in clauses 5.2, b and c; and 8.1, a, b, and c.</u></p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin</p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following:</p> <ul style="list-style-type: none"> o) Name and address of SCS (can be completed by SCS)* p) Date of the risk assessment q) Date of review by SCS (completed by SCS)* r) Names of district(s) for which the risk assessment has been conducted 	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the included IN DoF CD attachment under Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>s) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts</p> <p>t) Brief justification for each of the controlled wood categories considered low risk</p> <p>u) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>		
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p style="text-align: center;"><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist)</p> <p><i>*The company can choose to implement the verification program on its own, or authorize another organization to do it.</i></p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p> <p><input type="checkbox"/> N/A</p>

<p>sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum:</p> <ul style="list-style-type: none"> a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken. 	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Crone Lumber CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Crone Lumber CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery.</p> <p>As a Group Member, these procedures are included in the Crone Lumber CW</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	procedures, At. 2, part V.	
<p>Part 4: Sale of FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p>15. Supplying FSC Controlled Wood</p>		
15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.	SCS-COC-002041AV.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products:</p> <p>m) the name and address of the buyer;</p> <p>n) the date on which the invoice was issued;</p> <p>o) description of the product;</p> <p>p) the quantity of the product sold;</p> <p>q) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>r) The FSC Controlled Wood code issued by SCS.</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Crone Lumber invoices reviewed indicated that no lumber was sold as FSC Controlled Wood. The sale of Controlled Wood is included on the Crone Lumber product group list; however Crone Lumber management does have no expectation of selling FSC Controlled Wood lumber at this time.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.	Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued. Crone has not sold any lumber as FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Annex 4: Provisions for claims related to FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p><i>FSC-STD-20-011 V1-1, 8.1</i></p> <p>Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is to be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Crone Lumber in segregation marks. Veneer logs are identified with FSC painted on one end; however these logs maintain</p>	

documentation.	their identification as FSC Pure, and are not applicable to this standard.	
1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.	No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Crone Lumber, as observed during this company's site audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.	The statement "Controlled Wood" or "FSC Controlled Wood" is not used in segregation marks by Crone Lumber.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.	The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Crone Lumber has not sold any FSC Controlled Wood. It has confirmed in this audit that its' staff is aware of this requirement.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.5. The statement "FSC Controlled Wood" shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.	The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual at Crone Lumber surveillance was in English.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood	Ref. At. 2, V 16, group members are not permitted to promote "FSC Controlled Wood". The Group Entity does not use or promote "FSC Controlled Wood" on its website or other communications outside of the group membership.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

on promotional or advertising material.		
1.7 When supplying FSC Controlled Wood the company clearly links the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.	Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the "FSC Controlled Wood" statement is to be clearly linked to the specific items sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Crone Lumber is aware of this requirement. At the time of this site audit, this in N/A to Crone Lumber.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.8 The statement 'FSC Controlled Wood' in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.	Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. At the time of this site audit, this in N/A to Crone Lumber.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.	The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members selling "FSC Controlled Wood".	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.	The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members, to include Crone Lumber, in this 2011 annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-0020410
Site:	Dale White Logging, Bedford, IN
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	31 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Dale White, owner, is the appointed representative for Dale White Logging.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Dale White demonstrated full knowledge of the company's FSC procedures and competence in implementing the firm's CoC management system. Dale White administers all logging and processes relating to FSC. This operation has three employees, including Mr. White.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Dale White Logging has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <i>Submit with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are all assigned to Dale White, in Appendix B-1, of the Group Member Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
FSC STD 20-001 V3-0, 22 Complaints	<u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u> m) <u>compliance with FSC requirements;</u> n) <u>to make these records available to SCS upon request</u> o) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs

	p) to document actions taken See C/Obs to clause 1.2.1.	
1.3 Training		
1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.	Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Dale White conducts all training for this group member.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Dale White Logging did have current training records documented and available for this audit. The training records were dated February 21, 2011, and included the signatures of the employees trained.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Dale White Logging had up-to-date records required for all applicable requirements of this standard available for this audit and available to the IN DoF Group Entity audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires all relevant documentation to be retained by the Group Member for five years. Dale White Logging had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		

2.1 Product Groups		
<p>2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information:</p> <p>a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood;</p> <p>b) product type(s) according to the FSC product classification;</p> <p>c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.</p>	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Dale White Logging has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.2 For each product group the organization has specified:</p> <p>a) the material categories used as input;</p> <p>b) the control system used for making FSC claims:</p> <p>i. transfer system;</p> <p>ii. percentage system; or,</p> <p>iii. credit system;</p> <p>c) the sites involved in management, production, storage, sale, etc.</p>	<p>Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Dale White Logging, a logger, has designated the Transfer System for all log sales.</p> <p>Only one site is applicable to Dale White Logging, Bedford, IN.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to:</p> <p>a) quality of inputs (e.g. species and grade),</p> <p>b) conversion factors.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
3. Material Sourcing		
3.1 Input specifications		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Dale White Logging has complied with the requirement and uses the categorizations and definitions as stated.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Dale White</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>Logging has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all log receipts as FSC Pure.</p>	
<p>3.2 Supplier validation</p>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Dale White Logging has a record of its' one FSC supplier: a) supplier product type, b) supplier material category; and c) the FSC CoC code. All FSC certified logs have been purchased in timber contracts from the Indiana State DoF: FSC FM/COC certified forests.</p> <p><i>Submit with report</i></p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org.</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. The Group Entity has included the IN State FSCFM/COC certified forestlands on the supplier list for Group members that are loggers.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>3.3 Purchase of Non-FSC certified virgin or reclaimed material</p>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p><input type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products</p>	
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p><input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material</p>	
<p>Purchase of FSC Controlled Wood</p>		
<p>FSC-STD-40-005 V2-1, 7.1 For supplies of FSC Controlled Wood the organization ensures that: s) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p>	

<p>t) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>u) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>		
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>	
<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>	
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.4.2 Where the proportions of the</p>	<p><input type="checkbox"/> C</p>	

<p>different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
4. Material receipt and storage		
4.1 Identification of input		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Dale White Logging does check for these requirements on the initiation of contracts for FSC logs/Indiana State timber sales.</p> <p>FSC Supplier documentation checked during this audit were the contracts with the IN DOF, SCW-FM/COC 00099N, State Timber Sale # 6361005, 5/12/10; 6361101, 7/6/10; and # 6361002, 12/15/09.</p> <p>All receipts were for FSC Pure logs. These documents included sufficient information to comply with a, b, and c of the clause.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
4.2 Segregation		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>Logs are scaled on delivery to the Dale White customer. Logs are delivered directly to the customer from the logging site on the Dale White truck. FSC logs are painted blue on one end. No segregation or additional marking is undertaken for Dale White Logging.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
4.3 Precautions for labeled material		
<p>4.3.1 For materials received with an FSC label the organization ensures that:</p> <p>a) material that will be further processed is cleared of any labels or segregation</p>	<p>Dale White Logging does not purchase logs, it purchases standing timber.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>		<input checked="" type="checkbox"/> N/A (explain)
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Dale White Logging does not purchase logs, it purchases standing timber.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
<p>5. Volume control</p>		
<p>5.1 Conversion factors</p>		
<p>5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.</p>	<p>Dale White Logging purchases by the board foot, Doyle scale. The purchased quantity is included in the IN State contract.</p> <p>A conversion factor is not applicable.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>All scaled quantities are in board feet, Doyle, as determined at the point of arrival at the receiving customer.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information: <u>For inputs:</u> a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Dale White Logging has provided a summary of all its FSC inputs on the IN state contracts.. For Inputs: a, IN State supplier contracts; b, quantities purchased by board feet and species and grade; c, the FSC claim, Pure, as determined by the contract.</p> <p>For outputs: a, Dale White Logging has the customer delivery tallies for sales of FSC Pure logs; b, the quantities sold per</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p><u>For outputs:</u> a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>customer tally/scale; c, the FSC Pure claim for the three sales, d, details of the species sold, e, and the Dale White Logging delivery ticket number.</p> <p>Dale White issues a delivery ticket including the number of logs, species, and his FSC CoC code and the FSC claim. The final scale in board feet is determined at the point of delivery to the customer. The customer issues a delivery ticket with the quantity for each log and confirms the FSC claim.</p>									
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have: a, summaries available of all FSC purchases; and e, FSC outputs sold. (b, c, and d and N/A).</p> <p>Dale White Logging has supplied a summary of all FSC inputs (557,180 Bd. Ft.) and sales (52,600 Bd. Ft.) by species and volume.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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5.3 Determination of FSC claims										
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Dale White Logging determines the FSC claim for FSC logs sold using the transfer system.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Only the transfer system is used, at the Bloomington, IN site.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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6. Sales and delivery										
6.1 Identification of outputs sold with FSC claims										
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoice equivalents (delivery ticket and scale ticket) for FSC outputs from Dale White Logging include: a, the Dale White Logging name,</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<input type="checkbox"/>	C w/Obs									

<p>organization;</p> <p>b) name and address of the customer;</p> <p>c) date when the document was issued;</p> <p>d) description of the product;</p> <p>e) quantity of the products sold;</p> <p>f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p> <p>g) clear indication of the FSC claim for each product item or the total products <i>(refer to standard for details on claims)</i></p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description of the logs sold e, the quantity in logs (in board feet if lumber); f, the IN DoF Group CoC and the group member designation; g, the FSC claim; h, and sufficient information to link the invoice to the BOL issued by Dale White Logging: the customer name and date.</p> <p>Dale White Logging sales documents-delivery tickets were: International Veneer # DH-100259, 11/15/10; and Koetter Woodworking # 21531, 3/23/10; # 26110, 4/20/10; & # 21574, 4/12/20.</p> <p>Dale White Logging delivery tickets, when combined with the receiving tallies issued by the receiving customer, do comprise compliant sales/delivery documentation.</p>									
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>The delivery tickets issued by Dale White Logging with the scale ticket serve as the invoice/documentation of sale for logs.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									
<p>6.3 Supplying FSC Controlled Wood</p>										
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>		<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									

PART II: Systems for controlling FSC claims		
7. Transfer system		Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)
Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.		
7.1 Specification of claim periods or job orders		
7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim. NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.	FSC Claims are determined, by Dale White Logging, on a log-by-log basis for FSC logs.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	As confirmed in the review of delivery tickets provided by Dale White Logging for this audit, the FSC Pure claim issued was correctly transferred from the supplier's timber contract.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8. Percentage system		Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)
Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.		
8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

8.2 Determination of FSC and post-consumer input		
<p>8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p>8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9. Credit system Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.</p>		
<p>Description of credit account:</p>		
<p>9.1 Specification of claim periods</p>		
<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.3 Adding FSC credit to the credit account		
9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has <u>gained</u> legal ownership and the material category has been verified, and before the material enters the production process.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
PART III: Labeling and FSC Trademarks		
11 Eligibility for Labeling		
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'		
Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)		
10. General labeling requirements		

<p>10.1 Application of FSC labels</p>	<p><input checked="" type="checkbox"/> N/A, does not label FSC products</p>	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0</p> <p><input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		

<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization’s certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16 All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART IV: Supplementary Requirements

<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p>	<input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products
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12.1 Pre-conditions for outsourcing

<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	
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12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>12.2 Maintaining traceability and paper trails</p>	<input checked="" type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)
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<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.		
<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)		
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES ₂₃ Appendices I, II or III.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.	<i>Submit calculations with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

13.2 Rationale and action plan		
13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.	See section 2E of Summary Report	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.	<i>Submit any new applications with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041 AD
Site:	Kennedy Veneer, 3243 N. Shadeland Ave. Indianapolis, IN 46226
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	29 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Jeff Lund is the appointed representative for Kennedy Veneer.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.</p>	<p>Carl Hauser is fully aware of the CoC requirements of the Group Entity. Jeff Lund, Kennedy Veneer manager, and Dario Boyd, the Kennedy Receiving and Shipping Supervisor did demonstrate appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Procedures</p>		
<p>1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.</p>	<p>Ref. At. 2, Kennedy Veneer has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <i>Submit with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.</p>	<p>The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Kennedy Veneer in Appendix B-1 of the Group Member Procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u></p> <ul style="list-style-type: none"> q) <u>compliance with FSC requirements;</u> r) <u>to make these records available to SCS upon request</u> s) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> t) <u>to document actions taken</u> <p>See clause 1.2.1.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.3 Training</p>		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Jeff Lund has conducted training at Kennedy Veneer.	
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Kennedy Veneer did have current training records documented and available for this audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Kennedy Veneer had up-to-date records required for all applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time in At. 2, Group Procedures, requires that all relevant documentation be retained by the Group Member for five years. Kennedy veneer had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification of FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Kennedy Veneer has correctly completed the Product Group list template in At. 2. <u>Record in Summary Report or submit separately</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making	Each Group Member is required to designate in the Product Group List, At. 2, the specific control system used for making FSC claims. Kennedy Veneer has	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.</p>	<p>designated the Transfer System for both Pure and Controlled Wood. Only one site is applicable to Kennedy Veneer.</p>	
<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p>3. Material Sourcing</p>		
<p>3.1 Input specifications</p>		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Kennedy Veneer has complied with the requirement.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Kennedy Veneer has demonstrated that it does so classify all FSC receipts, and that only qualified and eligible inputs are used for FSC material receipts.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.2 Supplier validation</p>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Kennedy has a record of their FSC suppliers a) supplier product type, b) supplier material category; and c) the FSC CoC code (CW is not applicable). See the Kennedy file; Supplier Supplemental list and the CW suppliers' list.</p> <p><i>Submit with report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. Kennedy has on file the print out from that verification in the</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>the supplied products via http://info.fsc.org.</p>	<p>attached Kennedy file.</p>	<p><input type="checkbox"/> N/A (explain)</p>
<p>3.3 Purchase of Non-FSC certified virgin or reclaimed material</p>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p> <input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products </p> <p>See attached Kennedy Veneer 40-005 CW audit report.</p>	
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p> <input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material </p>	
<p>Purchase of FSC Controlled Wood</p>		
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> v) all wood supplied as FSC Controlled Wood is clearly identifiable as such; w) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. x) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p>	
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p> <p>The IN DoF procedures for Controlled Wood, At. 2, Part V, do not include any species listed in Annex 1, 2, or 3 of CITES. Kennedy Veneer does not include any imported species in its controlled wood program.</p>	

<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>	
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c, the suppliers correct FSC CoC code and/or FSC CW code are included.</p> <p>In most cases, Eric Kennedy purchases the</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>logs on site, and initiates the initial documentation. Logs are shipped directly to slicing (outsourced) contractors. The supplier's and outsourced contractor's documentation is sent to Kennedy Veneer. Kennedy Veneer has demonstrated that it conducts these checks on receipt of FSC veneers at its Indianapolis site.</p> <p>FSC Supplier invoices checked were: Lyme Adirondack, BV-FM/CoC 925376, # 374, 2/1/10; # 20078, and # 20094, 9/10/10; and J M Longyear, LLC, SW-FM/CoC 003804 #79507, 3/17/10. This documentation was compliant.</p>	
<p>4.2 Segregation</p>		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>At Kennedy Veneer, FSC Pure and FSC Controlled Wood inputs remain identifiable and separated from receipt until shipment and sale. Ref. At. 2, 4.2 segregation of FSC materials.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>4.3 Precautions for labeled material</p>		
<p>4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>	<p>FSC labels, or labels from any other organizations for logs purchased by Kennedy Veneer, do not have segregation marks other than description of the veneers. Ref. At. 2, 4.3 labels.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Ref. At. 2, 4.3 labels. Logs are not purchased with any labels, by Kennedy Veneer. Veneers received, as observed during this audit, do not have any labeling for other forestry assessment schemes. Procedures do require the removal of any such tags or labels, if they are present.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p style="text-align: center;">5. Volume control</p>		
<p>5.1 Conversion factors</p>		
<p>5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has</p>	<p>Kennedy Veneer purchases veneer-quality logs. On purchase, its' buyers scale the quantity of each log in board feet, Doyle scale. The scale by log, board feet,</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.</p>	<p>species, and quality is entered into the buyer's hand-held computer. It outsources the logs to contractors to conduct the veneer slicing. Each log is numbered. The log number is carried forward on all the manufacturing documentation at the contractor's operation. The exact square footage of veneer sliced is measured by the contractor and reported to Kennedy Veneer. The actual veneer square footage yielded becomes the quantity accepted into inventory, and eventually sold.</p>	<p><input type="checkbox"/> N/A (explain)</p>
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>A conversion factor is not applicable. All yields of veneer from logs are actual measures in square feet of veneer cut, and are not adjusted for any factors.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Kennedy Veneer has provided a summary of all FSC transactions:</p> <p>For Inputs: a, supplier invoice-copies; b, quantities received; c, the FSC claim.</p> <p>For outputs: a, company invoices and a listing of all FSC Pure and CW sales; b, the quantities sold per customer invoice; c, the FSC claim as summarized by the two summary sheets, d, details of the species sold, e, and the Kennedy customer job or order number (if given by the customer), and customer order number, as well as the log pallet number(s).</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>Kennedy Veneer has supplied a comprehensive summary of all FSC inputs, inventory and sales by species; this list is included in the Kennedy folder provided by the IN DoF.</p>	
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Kennedy Veneer determines the claim for veneers sold with FSC claims using the transfer system. Logs purchased as FSC Pure are converted to FSC Pure veneers; logs purchased and assessed as FSC CW are sold as FSC CW.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Only the transfer control system is used by Kennedy Veneer.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Chain of Custody or FSC Controlled Wood code; g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>) h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoices for FSC outputs from Kennedy Veneers include: a, the Kennedy Veneer name, address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description (species and pallet #) of the veneer sold; e, the quantity in square feet of the veneer sold; f, the IN DoF Group CoC and or CW code number followed by the group member designation; g; the correct FSC claim; h, and sufficient information to link the invoice to the BOL issued by Kennedy Veneer.</p> <p>Invoices checked included: Birchwood Best # 2457, 6/7/10; Placase Lignum # 2512, 9/3/10; Decospan # 2529, 9/23/10; Dooge Veneer # 2542, 10/21/10; and Schorn & Groh # 2591, 12/21/10.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>		
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>The BOL issued by Kennedy Veneer includes the same information as required in 6.1.1; however, the quantities are summarized by pallets, but are clearly linked to the invoice.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6.3 Supplying FSC Controlled Wood</p>		
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Kennedy Veneer does comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>PART II: Systems for controlling FSC claims</p>		
<p>7. Transfer system Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>		
<p>7.1 Specification of claim periods or job orders</p>		
<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>Claims are determined by Kennedy veneer on a job basis for each pallet of FSC veneer.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	As confirmed in the review of invoices issued by Kennedy Veneer for this audit, the FSC claim issued was correctly transferred from the supplier FSC claim or the Controlled Wood claim, as assessed by Kennedy Veneer. The claims are determined on a job basis.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8. Percentage system		
Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)		
Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.		
8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9. Credit system		
Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)		
Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.		

Description of credit account:		
9.1 Specification of claim periods		
9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.2 Determination of FSC and post-consumer input		
9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3 Adding FSC credit to the credit account		
9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.5 Credit account management		
9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
PART III: Labeling and FSC Trademarks		
11 Eligibility for Labeling FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council' Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)		
10. General labeling requirements		
10.1 Application of FSC labels	<input checked="" type="checkbox"/> N/A, does not label FSC products	
Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
10.1.1 When applying an FSC on-product label the organization ensures that: a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0; b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0 <input type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>	<p>Kennedy Veneer uses the FSC logo on its website.</p>	
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>	<p>No use of FSC trademarks on any invoice or similar template.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>	<p>Kennedy FSC Pure veneers are eligible for the FSC label and are included in the company’s product group list.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>	<p>The website trademark use is linked to the FSC veneer products on the website.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>	<p>N/A</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A

<p><i>FSC-STD-50-001 V1-1, 7.5</i>; The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>	<p>N/A</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>	<p>FSC trademarks are not used at the top of any Kennedy Veneer documents observed during the conduct of this site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>	<p>N/A Kennedy Veneer makes no such claims.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>	<p>The IN DoF Group Entity administrator does have on file approval from SCS for the use of FSC trademarks on the Kennedy Veneer website.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<h2 style="text-align: center;">PART IV: Supplementary Requirements</h2>	
<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p> <p style="text-align: right;"><input type="checkbox"/> N/A, does not outsource processing of FSC products</p>	
<p>12.1 Pre-conditions for outsourcing</p>	
<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	<p>Kennedy Veneer has logs sliced into veneer by outsourced contractors.</p>

12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:		
<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and</p> <p>b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>	<p>Ref. At. 2, IN DoF Group Member procedures; 12.1. Group members must retain legal ownership of all FSC wood during any outsourcing activities. Kennedy Veneer does maintain legal ownership through all outsourcing activities, slicing of logs into veneers.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>	<p>All IN DoF Group members that outsource any processing of FSC wood must have a signed outsourcing agreement with the outsourced contractor; At. 2, 12 and Appendix B-12.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>	<p><u>For non-FSC contractors, the agreement does not include a clause reserving the right of SCS to audit the contractor or operation.</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.2 Maintaining traceability and paper trails <input type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)		
<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>	<p>The IN DoF Group Member Procedures, At. 2, 12 Outsourcing; a) require that the FSC materials can be tracked and controlled; and that the FSC materials cannot be mixed or contaminated with other materials. Kennedy Veneer has each log tagged with a log tag, The log tag number accompanies the log and all the veneer produced from each FSC log. This eliminates the prospect of FSC logs/veneers becoming mixed with non-FSC or non-controlled wood; b, contractors must maintain complete records of all FSC materials processed. This includes production, shipping and sales records.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
12.3 Records		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p>See section 2C of Summary Report with references to the outsourced contractors. The specific group members that use listed contractors are noted.</p> <p><i>Complete section 2C of Summary Report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>	<p>Details are provided for each contractor, with a reference to the group member(s), that has conducted outsourcing (with that specific contractor).</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>	<p>The IN DoF Group Members procedures, At. 2, 12, Outsourcing, require that the group member, not the contractor, issue the invoice for the FSC certified product. Kennedy Veneer issues the invoice for its FSC veneers in all cases.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>	<p>N/A to the FSC certified outsourced contractors: Amos Hill. For all other outsourced contractors, FSC labels are not attached or applied to the veneers produced. Use of labeling for outsourced contractors of IN DoF Group Members is stated in At. 2, 12 Outsourcing 12.5.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)</p>
<p>12.6 Promotion</p>		
<p>12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>	<p>IN DoF Group Procedures, At. 2, 12.6; an outsourced contractor is not permitted to claim itself as FSC CoC certified; unless the contractor is FSC CoC certified, then this clause is N/A. N/A to the FSC certified outsourced contractor: Amos Hill.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (certified)</p>
<p>12.7 Preclusion of subcontracting</p>		
<p>12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.</p>	<p>The IN DoF Group Procedures, At. 2, 12.7, prohibit any outsourced contractor from, in turn, outsourcing the process or operation. N/A to the FSC certified outsourced contractors: Amos Hill.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (certified)</p>

<p>13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.</p>		
<p><input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)</p>		
<p>13.1 Specification and volume control</p>		
<p>13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.</p>	<p><i>Complete section 2E of Summary Report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES₂₃ Appendices I, II or III.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.</p>	<p><i>Submit calculations with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2 Rationale and action plan</p>		
<p>13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.</p>	<p>See section 2E of Summary Report</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.</p>	<p><i>Submit any new applications with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%</p>

Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%
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**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Kennedy Veneer, FSC-SCS-CW-00241AD
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	29 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
 N/A – requirement not applicable

<p align="center">Controlled Wood System Overview</p>	
Description of system by which company monitors purchases of non-FSC certified wood included in company's program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each group member that elects to include Controlled Wood within the scope of certain of the individual member's certification. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Kennedy Veneer must demonstrate to the forest level of the district of origin that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA.</p>
<p align="center">Part 1: Quality System Requirements</p>	
<p>1. Company Policy</p>	

<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The policy is included on the IN DoF website. Kennedy Veneer developed a corresponding publicly available policy, and is included in the IN DOF folder for Kennedy Veneer.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood								
<p>2. Procedures</p>									
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Kennedy Veneer has adopted and uses the IN DOF group member CW procedures.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<input type="checkbox"/>	C w/Obs								
<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that responsibilities be assigned through the use of a template, Appendix B-1, with accompanying procedures. Kennedy Veneer has assigned Jeff Lund to fulfill the responsibilities for this group member.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<input type="checkbox"/>	C w/Obs								
<p>3. Training</p>									
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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	<p>audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2. Kennedy Veneer has adopted and implemented the required training programs.</p>	
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant Kennedy Veneer staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Kennedy Veneer had current training records available for this site audit. The last training record was dated 17 June 2009. Additional training is scheduled for 18 April 2011.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Records</p>		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a minimum of 5 years.</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually. Kennedy Veneer, as a group member, does comply with this clause, and retains all required records for five years.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Part 2: FSC Controlled Wood Supply requirements</p>		
<p>5. Supplier Identification</p>		
<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

<p>records:</p> <p>j) the name and address of the supplier;</p> <p>k) description of the wood supplied;</p> <p>l) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>A list of Kennedy Controlled Wood suppliers was available for this audit, on a spreadsheet; and is included in the Kennedy Veneer file maintained by the IN DoF. Ref. the Kennedy Veneer file in the IN DoF attachment.</p> <p>Complete in main report or submit separately</p>									
<p>7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood</p>										
<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>y) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>z) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>aa) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>At the time of this audit, Kennedy Veneer has not purchased wood from suppliers certified to supply FSC Controlled Wood.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>N/A at this time; no purchase of FSC Controlled Wood has been undertaken by Kennedy Veneer. Group members included in this CW program must comply with this clause as an individual group member.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									

8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood										
<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, that does chose to include Controlled Wood within the scope of the individual member's certification. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW. In turn, Kennedy Veneer must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA.</p>									
<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <ul style="list-style-type: none"> j) determined and kept records of country and district of origin, to the forest level*, of wood supplied; k) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and l) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood. <p>* <i>FSC-DIR-40-005, ADVICE-40-005-04</i></p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are verified for district of origin and records are kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest of origin for all purchase on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <ul style="list-style-type: none"> g) Kennedy Veneer requires that either the specific tract of forestland or the originating county be determined when its veneer buyer tags logs assessed as FSC CW. h) Documentation includes the buyer's computer printout from the hand-held computer and/or the declaration from the logger specifying the county of origin. i) The Kennedy Veneer log buyers purchase logs on site, and provide a continuing audit of controlled wood inputs. <p><u>Samples of the documentation used by Kennedy Veneer were examined during the audit process. The county of origin was listed on the Kennedy Veneer purchase order. The form required by group entity procedures, Appendix B-13, was not used to fully document observed CW receipts into this group member's controlled wood program.</u></p> <p>Submit sample of documentation proving forest of origin with report.</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									

<p><i>FSC-DIR-40-005, ADVICE-40-005-04</i> For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A </p>
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10. Species listed on CITES

<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
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<p>Part 3: Risk assessment and verification program This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>	<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>
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11. Risk Assessment for non-certified wood

<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> j) District of the assessment; k) risk level with justification per Controlled Wood category; l) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be "Low Risk" for all five categories. Information is provided to Kennedy Veneer by: direct logging contracts with landowners; contracts with loggers or sawmills harvesting from known and documented forest tracts; identification of the county (or specific site or township) on the trucking or receiving documentation; and other documentation identifying the forest level of origin as determined by the individual group member. The current RA is attached.</p> <p>Company risk assessment(s) must be submitted with this report</p>
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<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin</p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following: v) Name and address of SCS (can be completed by SCS)* w) Date of the risk assessment</p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the attached IN DoF CD under Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>x) Date of review by SCS (completed by SCS)*</p> <p>y) Names of district(s) for which the risk assessment has been conducted</p> <p>z) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts</p> <p>aa) Brief justification for each of the controlled wood categories considered low risk</p> <p>bb) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>		
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p style="text-align: center;"><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist)</p> <p>*The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.3 Where guidance and/or</p>		<p><input type="checkbox"/> C</p>

<p>interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Kennedy Veneer CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Kennedy Veneer CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If 2 or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

assessment.	<p>review the Risk Assessment within 1 month of discovery.</p> <p>As a Group Member, these procedures are included in the Kennedy Veneer CW procedures, At. 2, part V.</p>	
<p>Part 4: Sale of FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p>15. Supplying FSC Controlled Wood</p>		
15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.	SCS-COC-002041 AD	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products:</p> <p>s) the name and address of the buyer;</p> <p>t) the date on which the invoice was issued;</p> <p>u) description of the product;</p> <p>v) the quantity of the product sold;</p> <p>w) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>x) The FSC Controlled Wood code issued by SCS.</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Kennedy Veneer invoices reviewed, as included in the site audit report, included: a, the buyer (customer) name and address; b, the invoice date; c, the quantity of veneer sold in square feet; d, the pallet or parcel number-also included on shipping documentation; and d, the IN DoF Group Controlled Wood code issued by SCS.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued. However, <u>Kennedy Veneer invoices for CW state" FSC Controlled", instead of the required " FSC Controlled Wood".</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs

Annex 4: Provisions for claims related to FSC Controlled Wood

This part of *FSC-STD-40-005* is applicable to companies that wish to make sales of FSC Controlled Wood.

N/A, sale of FSC Controlled Wood not included in scope of certificate

<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. Controlled Wood is not used by Kennedy Veneer is segregation marks. Tags are used on veneer with numbers and colors denoting the wood as controlled wood. <u>Kennedy Veneer states "FSC Controlled" on its invoices; ref. non-conformance to clause 15.3.</u></p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Kennedy Veneers, as observed during the company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>	<p>The statement "Controlled Wood" is not used in segregation marks at any of the group members including Kennedy Veneer. FSC Controlled Wood is identified at the time of receipt by number and color of product tags.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Kennedy Veneer provided a listing of all its FSC CW customers; all are FSC CoC certified.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.5. The statement "FSC Controlled Wood" shall be written in the English language in sales and shipping documentation. Any</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>translation to other languages can be included in the respective documentation.</p>	<p>reviewed during the conduct of this annual at Kennedy Veneer surveillance was in English.</p>	
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote "FSC Controlled Wood". The Group Entity does not use or promote "FSC Controlled Wood" on its website or other communications outside of the group membership. A prior reference to Controlled Wood on the Kennedy Veneer website has been removed.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the "FSC Controlled Wood" statement is clearly linked to the specific items sold. This was confirmed in audits of the group members during the 2011 annual group surveillance. Kennedy Veneer does include its reference to FSC Controlled Wood immediately following the description of each FSC CW item on the its invoice. <u>However, Kennedy Veneer states "FSC Controlled" on its invoices; ref. non-conformance to clause 15.3.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.8 The statement 'FSC Controlled Wood' in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. Controlled Wood sales and shipping documents reviewed at Kennedy Veneer in 2011 did include the correct FSC CW code.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.</p>	<p>The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members when selling "FSC Controlled Wood"</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.</p>	<p>The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members in this 2011 annual surveillance.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041 R
Site:	Leiberling & Sons, Inc., Lamar & Ferdinand, Indiana
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	12 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation

N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Steve Leiberling is the appointed representative for Leiberling & Sons.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Steve Leiberling demonstrated reasonable awareness of the company's procedures and competence in implementing the firm's FSC CoC management system. Steve Leiberling administers all processes relating to FSC; the logging operation employs eight personnel in total.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Leiberling & Sons has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <i>Submit with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities for each group member. These responsibilities are assigned to Steve Leiberling, in Appendix B-1, of the Group Member Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u></p> <ul style="list-style-type: none"> u) <u>compliance with FSC requirements;</u> v) <u>to make these records available to SCS upon request</u> w) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> x) <u>to document actions taken</u> <p><u>See clause 1.2.1.</u></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.3 Training</p>		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Steve Leiberling conducts training for Leiberling & Sons.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.</p>	<p>All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Leiberling & Sons did have current training records documented and available for this audit. The training records were dated Feb. 21, 2011, and included Steve Leiberling and four additional employees.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4 Records</p>		
<p>1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.</p>	<p>Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Leiberling & Sons had up-to-date records required for applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark</p>	<p>The retention time specified, in At. 2, Group Procedures, requires that all relevant documentation be retained by the Group</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>approvals), is specified in the organization's procedures, and is at least five years.</p>	<p>Member for five years. Leiberling & Sons had all requested records available for this annual surveillance.</p>									
<p>2. Scope of Chain of Custody System</p>										
<p>2.1 Product Groups</p>										
<p>2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.</p>	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Leiberling & Sons has correctly completed the Product Group list template in At. 2. <u>Record in Summary Report or submit separately</u></p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.</p>	<p>Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Leiberling & Sons has designated the transfer system for all log sales.</p> <p>Only one site is applicable to Leiberling & Sons: the log yard in Ferdinand, IN (also the location of Leiberling Lumber & Logging-a sawmill, not a logging operation and included as a separate group member and legal entity in the IN DoF group certificate). The offices of Leiberling & Sons are located at the Lamar, IN location; no operations or inventory are located in Lamar.</p> <p>The log yard in Ferdinand, IN is not included on the Leiberling & Sons product group list.</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>	<p>N/A</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									
<p>3. Material Sourcing</p>										

3.1 Input specifications		
3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.	As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Leiberling & Sons has complied with the requirement and uses the categorizations and definitions as stated.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.	The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Leiberling & Sons has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all logs timbered as: FSC Pure or FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2 Supplier validation		
3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Leiberling & Sons has a record of its' FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (a CW code is not applicable.)</p> <p>The list of FSC suppliers consists of one supplier, the IN DoF; it is included in the Group Entity procedures and suppliers list in Appendix B-3.</p> <p><i>Submit with report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org .	All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org . Leiberling & Sons has on file the name of its' FSC supplier verified with the IN DoF: the IN state FM/COC.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
3.3 Purchase of Non-FSC certified virgin or reclaimed material		
3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.	<input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products	See attached Leiberling & Sons 40-005 CW audit report.

<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p><input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material</p>
<p>Purchase of FSC Controlled Wood</p>	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <p>bb) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>cc) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>dd) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p>
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>
<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>material (according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>The quantity, quality, and species of all trees harvested are included in the IN DoF sale contracts. The FSC Pure claim and the IN FSC FM/COC numbers are also included in the contract.</p> <p>FSC Supplier documentation checked during this audit was the IN DOF contract # 6310903, May 14, 2009. The contract was for FSC Pure timber. These documents included sufficient information to comply with a, b, and c of the clause.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4.2 Segregation</p>		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product</p>	<p>All FSC sawlogs and veneer logs are delivered to it's the Leibering yard from the logging site. This yard is jointly operated by</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>Leiberling & Sons and Leiberling Lumber and Logging (Leiberling L&L)- for the sawmill at this location, Ferdinand, IN.</p> <p>The deliveries are on Leiberling & Sons trucks. (An audit interview with Shawn Leiberling at the Ferdinand yard provided the following information.) Logs harvested from FSC IN DOF contract purchases are not mixed with logs from any other timbering operations. FSC certified (Pure) logs are stored in a segregated part of the yard, in the back. Logs are organized by the specific forest tract, from which the logs are harvested. The logs are not marked in any way. No FSC logs were in stock at the time of this site audit.</p> <p>Pulpwood and wood chips are shipped directly from the logging site to the mills purchasing the wood. To date, none of these sales have been FSC.</p>	<p><input type="checkbox"/> N/A (explain)</p>
<p>4.3 Precautions for labeled material</p>		
<p>4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>	<p>No labels are attached to the logs, FSC or not.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Leiberling & Sons logs are not purchased with any labels on product.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p style="text-align: center;">5. Volume control</p>		
<p>5.1 Conversion factors</p>		
<p>5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible,</p>	<p>Leiberling & Sons purchases timber by the board foot, Doyle scale. The FSC logs are scaled by Leiberling L&L on arrival at the Ferdinand yard. There is no change in the unit of measure at this time; all logs are scaled in Doyle scale.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>

<p>for the total of all processing steps.</p>		
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>No conversion factor is applicable for the direct sale of logs to Leiberling L&L; the customer tallies the logs received from Leiberling & Sons on arrival at its location. All tallies are in Doyle scale.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u> a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u> a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Leiberling & Sons has provided a record of its FSC transactions. For inputs its' accounting record is the IN DoF contract; for outputs, its' accounting records are the scale tickets from Leiberling L&L.</p> <p>For Inputs: a, the FSC IN DoF supplier contract number and date; b, quantities received by species per the referenced contracts; and c, the FSC claim as determined by the contract: FSC Pure.</p> <p>For outputs: a, Leiberling & Sons has the scale tickets as a record of sale. (Invoices to Leiberling L&L are on file with the Leiberling & Sons accountant and were not available for this audit-however, invoices for its sale of FSC Controlled Wood were available for audit); b, quantities of FSC log sales are recorded by species and board feet; c, the FSC Pure claim or FSC CW claim; d, a description of the logs sold by grade, species, and board feet; and e, the scale ticket number and the name of the forest tract harvested.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>a. all FSC timber purchased was included in the one applicable contract; b, c & d, N/A; e, sale of FSC Pure to Leiberling L&L were provided. FSC Pure purchases: 339,124 Board Feet; FSC Pure sales:</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	169,675 Board Feet. Purchases of wood assessed as FSC CW; 1,354,236 Board Feet.	
5.3 Determination of FSC claims		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems:</p> <p>a) transfer system applicable to all product groups;</p> <p>b) percentage system applicable to FSC Mixed and FSC Recycled product groups;</p> <p>c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	Leiberling & Sons determines the FSC claim for logs sold exclusively using the transfer system.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
6. Sales and delivery		
6.1 Identification of outputs sold with FSC claims		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information:</p> <p>a) name and contact details of the organization;</p> <p>b) name and address of the customer;</p> <p>c) date when the document was issued;</p> <p>d) description of the product;</p> <p>e) quantity of the products sold;</p> <p>f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p> <p>g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>)</p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or</p>	<p>The IN Group Member procedures require the issuing of compliant invoices or equivalent documentation. Leiberling & Sons issues invoices for the sale of FSC Controlled Wood.</p> <p>Its sales of FSC Pure logs are to Leiberling L&L. These invoices are documented by the scale ticket written on arrival of logs harvested by Leiberling & Sons at the Leiberling L&L yard. Invoices from Leiberling & Sons to Leiberling L&L are internal to the family owned corporations; are on file with the Leiberling accountant; <u>and were not available at either site (Lamar or Ferdinand, IN) for this audit (C w/Obs).</u> Invoices for FSC Controlled Wood were available at the Lamar offices.</p> <p>The scale tickets issued by Leiberling L&L serve as invoices and documentation of the sale for Leiberling & Sons. <u>The scale ticket does not contain the Leiberling & Sons FSC CoC code, but is otherwise compliant.</u></p> <p>The invoices examined during this audit (for FSC Controlled Wood) included: a, the name and address of Leiberling & Sons; b, the customer name and address; c, the</p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs

<p>post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>date of the invoice; d, a description of the logs sold: species and grade; e, the quantity of logs sold in board feet; f, <u>the Leiberling and Sons CoC code (not their CW code)</u>; g, the FSC Controlled Wood claim; and h, a tally sheet containing the required information.</p> <p>Invoices checked were both to Gaf Brothers Flooring: # 9-9-10, Sep 9, 2010; and #401696, June 24, 2010. Both were for FSC Controlled Wood.</p>									
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>Leiberling & Sons issues a scale ticket for logs delivered to customers from the Ferdinand yard. <u>The scale ticket does contain the information included in clause 6.1.1 with the exception that it does not contain their FSC CW code or their FSC CoC code, which ever is applicable.</u></p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
<input type="checkbox"/>	C									
<input checked="" type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
<input type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input checked="" type="checkbox"/>	N/A									
<p>6.3 Supplying FSC Controlled Wood</p>										
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Leiberling & Sons is to comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood. Leiberling & Sons has sold FSC Controlled Wood <u>to one customer, Gaf Brothers Flooring. It included its FSC CoC code on invoice instead of its FSC CW code.</u> See non-conformance to clause 6.1.1 f.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
<input type="checkbox"/>	C									
<input checked="" type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									
<p>PART II: Systems for controlling FSC claims</p>										
<p>7. Transfer system</p>	<p>Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>									
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>										

7.1 Specification of claim periods or job orders		
7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim. NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.	FSC claims are determined by Leiberling & Sons, on an individual forest tract basis.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	Leiberling & Sons has correctly determined the FSC Pure claim for logs harvested from the IN State DoF forests. It has determined the correct claim for logs assessed as FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8. Percentage system		
		Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)
Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.		
8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9. Credit system Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.</p>		
<p>Description of credit account:</p>		
<p>9.1 Specification of claim periods</p>		
<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.3 Adding FSC credit to the credit account</p>		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.4 Withdrawing FSC credit from the credit account		
9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
PART III: Labeling and FSC Trademarks		
11 Eligibility for Labeling		
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council' Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)		
10. General labeling requirements		
10.1 Application of FSC labels	<input checked="" type="checkbox"/> N/A, does not label FSC products	
Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0</p> <p><input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating "only the products that are identified as such on this document are FSC certified".</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization's product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

PART IV: Supplementary Requirements

12. Outsourcing

NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.

N/A, does not outsource processing of FSC products

12.1 Pre-conditions for outsourcing

Describe the outsourced processing activity(ies) including which FSC material/product is affected:

12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

a) The organization has legal ownership of all input material to be included in outsourced processes; and

b) The organization does not relinquish legal ownership of the materials during outsourced processing;

C
 NC
 C w/Obs

c1) The organization has an agreement or contract covering the outsourced process with each contractor.

C
 NC
 C w/Obs

c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;

C
 NC
 C w/Obs
 N/A (certified)

12.2 Maintaining traceability and paper trails

N/A (all contractors are FSC certified) (skip section 12.2)

d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.

C
 NC
 C w/Obs

12.2.1 The organization's control system for the outsourced process ensures that:

a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;

C
 NC
 C w/Obs

<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.		
<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)		
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES ₂₃ Appendices I, II or III.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.	<i>Submit calculations with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

13.2 Rationale and action plan		
13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.	See section 2E of Summary Report	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.	<i>Submit any new applications with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Leiberling & Sons, Lamar & Ferdinand, IN, FSC-SCS-CW-002041 R
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	12 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

Controlled Wood System Overview	
Description of system by which company monitors purchases of non-FSC certified wood included in company's program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual member's certification. The DOF has conducted, submitted, and received approval from SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Leiberling & Sons must demonstrate to the forest level of the district of origin that all wood, that is purchased and assessed as FSC Controlled Wood by Leiberling & Sons, is within in the area included in the RA.</p>

Part 1: Quality System Requirements										
1. Company Policy										
<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The public policy is included on the IN DoF website. Leiberling & Sons accepted a corresponding publicly available policy, and is included in the IN DOF folder for Leiberling & Sons.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood	
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<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood									
2. Procedures										
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Leiberling & Sons has adopted and uses the IN DOF group member CW procedures.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that: responsibilities are assigned through the use of a template, Appendix B-1, with accompanying procedures. Leiberling & Sons has assigned Steve Leiberling, owner, to fulfill the responsibilities for this group member.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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3. Training		
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Leiberling & Sons has adopted the required training programs. Steve Leiberling did evidence, in conversation during the audit process, that he had received the appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Leiberling & Sons personnel is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>The audit interview with Steve Leiberling confirmed that he has received appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Leiberling & Sons had current training records available for this site audit dated February 21, 2011.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
4. Records		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>minimum of 5 years.</p>	<p>Leiberling & Sons, as a group member, does comply with this clause, and retains all records for five years; as confirmed with Mr. Leiberling during course of the audit.</p>	
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Part 2: FSC Controlled Wood Supply requirements

5. Supplier Identification

<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>m) the name and address of the supplier;</p> <p>n) description of the wood supplied;</p> <p>o) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p>Leiberling & Sons does have a record of its purchases of timber it has assessed as FSC Controlled Wood. A listed description of the species and volume of the timber purchased from each of these suppliers (forest tract owners) is on record with the company.</p> <p style="background-color: #e0e0e0;">Complete in main report or submit separately</p>	<table style="border: none;"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood

<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>ee) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>ff) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>gg) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>Leiberling & Sons has not purchased FSC Controlled Wood from a supplier certified to trade in FSC Controlled Wood.</p>	<table style="border: none;"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, require that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled</p>	<table style="border: none;"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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	<p>Wood certificate.</p> <p>Leiberling & Sons had not purchased any Controlled Wood from a certified supplier of FSC Controlled Wood.</p>									
<p>8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood</p>										
<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual member's certification. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Leiberling & Sons must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within the area included in the RA. All FSC Controlled Wood is purchased directly from forestland owners, including the US Forest Service. The specific forest track is identified on contracts or the sale agreement.</p>									
<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <p>m) determined and kept records of country and district of origin, to the forest level*, of wood supplied;</p> <p>n) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and</p> <p>o) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.</p> <p>* <i>FSC-DIR-40-005, ADVICE-40-005-04</i></p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are to be verified for district of origin, forest level and records are to be kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <p>j) Leiberling & Sons exclusively purchases standing timber under contract with the forestland owner or government agency.</p> <p>k) It has those contracts retained in its files.</p> <p>l) N/A Leiberling & Sons conducts the actual logging operation. All CW purchases are audited, on site, by Steve Leiberling while conducting timber harvesting operations.</p> <p>Submit sample of documentation proving forest of origin with report.</p>	<table border="1"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<p><i>FSC-DIR-40-005, ADVICE-40-005-04</i> For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
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10. Species listed on CITES

<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
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<p>Part 3: Risk assessment and verification program</p>	<p>This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>	<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>
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11. Risk Assessment for non-certified wood

<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> m) District of the assessment; n) risk level with justification per Controlled Wood category; o) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be "Low Risk" for all five categories. Information is provided to Leiberling & Sons by direct logging contracts with landowners. The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>
<p>11.1 For suppliers included in the</p>	<p>The DOF has confirmed that all Group</p>

<p>company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p> <p>All of Leiberling & Sons sources are local Indiana forest tracts. The company has signed agreements for each purchase that identifies the specific location. The contract package includes maps and/or accurate site descriptions.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin</p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the</p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the IN DoF CD attachment under Controlled</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>following:</p> <p>cc) Name and address of SCS (can be completed by SCS)*</p> <p>dd) Date of the risk assessment</p> <p>ee) Date of review by SCS (completed by SCS)*</p> <p>ff) Names of district(s) for which the risk assessment has been conducted</p> <p>gg) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts</p> <p>hh) Brief justification for each of the controlled wood categories considered low risk</p> <p>ii) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>	<p>Wood.</p>	
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p style="text-align: center;"><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist)</p> <p>*The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>

<p>compliances and/or corrective actions identified as a result of the company's evaluation.</p>		
<p>13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A </p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum:</p> <ul style="list-style-type: none"> a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken. 	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Leiberling & Sons CW procedures, At. 2, part V.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Leiberling & Sons CW procedures, At. 2, part V.</p>	<p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs </p>
<p>14.3 In the case that there are</p>	<p>Ref. Group member procedures, Part V,</p>	<p> <input checked="" type="checkbox"/> C </p>

<p>frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery.</p> <p>As a Group Member, these procedures are included in the Leiberling & Sons CW procedures, At. 2, part V.</p>	<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
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Part 4: Sale of FSC Controlled Wood

This part of *FSC-STD-40-005* is applicable to companies that wish to make sales of FSC Controlled Wood.

N/A, sale of FSC Controlled Wood not included in scope of certificate

15. Supplying FSC Controlled Wood

<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041R.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products:</p> <p>y) the name and address of the buyer;</p> <p>z) the date on which the invoice was issued;</p> <p>aa) description of the product;</p> <p>bb) the quantity of the product sold;</p> <p>cc) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>dd) The FSC Controlled Wood code issued by SCS.</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Invoices issued by Leiberling & Sons to Gaf Brothers Flooring for FSC CSW, included all requirements for this clause with one exception. f, <u>The invoices noted in the attached CoC site checklist included the Leiberling & Sons FSC CoC code, and not their FSC CW code.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued.</p> <p><u>The scale ticket issued for the transportation document of FSC Controlled Wood does not include the</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p><u>FSC Controlled Wood claim.</u></p>	
<p style="text-align: center;">Annex 4: Provisions for claims related to FSC Controlled Wood This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p style="text-align: center;"><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is to be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Leiberling & Sons in segregation marks.</p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Leiberling & Sons, as observed during this company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>	<p>The statement "Controlled Wood" or "FSC Controlled Wood" is not used in segregation marks by Leiberling & Sons.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Leiberling & Sons has sold FSC CW exclusively to FSC CoC certificate holders, Gaf Brothers Flooring. <u>However, during the conduct of this audit, it was demonstrated that Steve Leiberling was not aware of this requirement.</u></p>	

<p>1.5. The statement “FSC Controlled Wood” shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual at Leiberling & Sons surveillance was in English.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement ‘FSC Controlled Wood’ or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote “FSC Controlled Wood”. The Group Entity does not use or promote “FSC Controlled Wood” on its website or other communications outside of the group membership.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement ‘FSC Controlled Wood’ to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the “FSC Controlled Wood” statement is to be clearly linked to the specific items sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Leiberling & Sons is aware of this requirement. Its sales of FSC Controlled Wood have included the correct FSC Controlled Wood claim.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>1.8 The statement ‘FSC Controlled Wood’ in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF.</p> <p><u>Leiberling & Sons has included its FSC CoC code, and not its FSC CW code on invoices for FSC Controlled Wood. See non-conformance to clause 15.2 f.</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as ‘FSC Controlled Wood’.</p>	<p>The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members selling “FSC Controlled Wood”.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as ‘FSC Controlled Wood’ or in reference to Controlled Wood certificates.</p>	<p>The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members, to include Leiberling & Sons, in this 2011</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

	annual surveillance.	
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**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041X
Site:	Mitchell Veneer, 4250 Earnings Way, New Albany, IN
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	31 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Chad Seewer is the appointed representative for Mitchell Veneer.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Chad Seewer, Office Manger, Paula Mitchell, Administration and Accounting, and Shawn Mitchell, Manager, did demonstrate appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system. They were interviewed at the audit at the New Albany site. Steve Mitchell, President, and Shane Mitchell, Logging Manager were also interviewed at the Mitchell Veneer, Henryville, IN log yard. They also did demonstrate appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

1.2 Procedures		
<p>1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.</p>	<p>Ref. At. 2, Mitchell Veneer has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u></p> <p><i>Submit with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.</p>	<p>The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Mitchell in Appendix B-1 of the Group Member Procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u></p> <ul style="list-style-type: none"> y) <u>compliance with FSC requirements;</u> z) <u>to make these records available to SCS upon request</u> aa) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> bb) <u>to document actions taken</u> <p>See clause 1.2.1</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
1.3 Training		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers as each site are qualified by the IN DoF training provided and by their respective company positions.</p> <p>Shawn Mitchell had done all internal FSC training at Mitchell Veneer prior to this audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.</p>	<p>All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Mitchell Veneer did have current training records</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	documented and available for this audit. The training records were dated August 12, 2010, and included all key staff personnel.	
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Mitchell Veneer had up-to-date records required for all applicable requirements of this standard available for this audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires all relevant documentation to be retained by the Group Member for five years. Mitchell Veneer had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that do include a full and complete Product Group List. The Group Member checks off all product types with the respective specification of FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Mitchell Veneer has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.	Each Group Member is required to designate in the Product Group List, At. 2, the specific control system used for making FSC claims. Mitchell Veneer has designated the Transfer System for both Pure and Controlled Wood. Only one site is applicable to Mitchell Veneer. However <u>Mitchell Veneer does have a log concentration yard in Henryville, IN; this site is not listed on the Mitchell Veneer Product Group List.</u>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.3 For product groups where a		<input type="checkbox"/> C

<p>percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>		<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<h3>3. Material Sourcing</h3>		
<h4>3.1 Input specifications</h4>		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Mitchell Veneer has complied with the requirement.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Mitchell Veneer has demonstrated that it does so classify all FSC receipts, and that only qualified and eligible inputs are used for FSC material receipts. It classifies log receipts as follows: FSC Pure, FSC Controlled, or non-controlled.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<h4>3.2 Supplier validation</h4>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Mitchell has a record of their FSC suppliers a) supplier product type, b) supplier material category; and c) the FSC CoC code. See the Mitchell file; Supplier listing of all FSC certified and controlled wood suppliers of logs and veneers. <i>Submit with report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org.</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. Mitchell has on file the list of suppliers verified on http://info.fsc.org.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
<h4>3.3 Purchase of Non-FSC certified virgin or reclaimed material</h4>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has</p>	<input checked="" type="checkbox"/> C, see 40-005 supplemental report	

<p>been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p><input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products</p> <p>See attached Mitchell Veneer 40-005 CW audit report.</p>
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p><input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material</p>
<p>Purchase of FSC Controlled Wood</p>	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> hh) all wood supplied as FSC Controlled Wood is clearly identifiable as such; ii) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. jj) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Mitchell Veneer has included certified suppliers of FSC Controlled Wood in its verified FSC supplier list. It has ensured that on receipt: a, all wood supplied as FSC Controlled Wood was clearly identified as such by the supplier (and Mitchell Veneer CW tags (for logs) or card (for internal control) were attached; b, that the supplier provided delivery documentation that clearly lined the CW supplied to the supplier's invoice; and c, the delivery documentation and invoices did include the supplier FSC Controlled Wood certificate code. The one example reviewed in the audit process was an invoice from Coldwater Veneer, BV-CW-089010 dated 6/25/10.</p>
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, does not buy FSC Controlled Wood</p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p> <p>The IN DoF procedures for Controlled Wood, At. 2, Part V, do not include any species listed in Annex 1, 2, or 3 of CITES. Mitchell Veneer does not include any imported species in its controlled wood program. The Mitchell Veneer product group list does not include any CITES listed species.</p>
<p>3.4 Generating raw material on site</p>	<p><input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product</p>
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c, the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Mitchell veneer does check these documents on receipt of FSC products.</p> <p>FSC Supplier invoices/documentation checked during this audit were: Crone Lumber, SCS-CoC-00241AV (with a Mitchell Veneer Tally-logs), 10/19/10; Worley, SCS-CoC-002041K, (with a</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>(Mitchell Veneer Tally-logs), 10/21/10; Harmon Grove, SCS-FM/CoC-00123N (with a Mitchell Veneer Tally-standing timber), 2/14/10; J Booher, SCS-FM/CoC-00123N, (with a Mitchell Veneer Tally-standing timber), 2/16/11; and Patterson, SCS-CoC-002041V (with a Mitchell Veneer tally-logs). These documents included sufficient information to comply with a, b, and c of the clause.</p>	
<p>4.2 Segregation</p>		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>At Mitchell Veneer, FSC Pure and FSC Controlled Wood inputs remain identifiable and separated from receipt until shipment and sale. Ref. At. 2, 4.2 segregation of FSC materials. Mitchell applies specific sequentially numbered lot tags for: FSC Pure logs; Controlled Wood logs and uncontrolled logs; each category tag is a different color.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>4.3 Precautions for labeled material</p>		
<p>4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>	<p>FSC labels, or labels from any other organizations for logs purchased by Mitchell Veneer, do not have segregation marks other than description of the veneers. Ref. At. 2, 4.3 labels.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Ref. At. 2, 4.3 labels. Mitchell Veneer logs are not purchased with any labels on product. Veneers received do not have any labeling for other forestry assessment schemes. Procedures do require the removal of any such tags or labels, if they are present.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>
<p>5. Volume control</p>		
<p>5.1 Conversion factors</p>		
<p>5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible,</p>	<p>Mitchell Veneer purchases veneer-quality logs. At purchase, its' buyers (normally Steve and/or Shane Mitchell) scale the quantity of each log in board feet, Doyle scale. The scale by log, board feet, and quality is entered into the buyer's hand-</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>

<p>for the total of all processing steps.</p>	<p>held computer. It outsources the logs to contractors to conduct the veneer slicing. Each log is numbered. The log number is carried forward on all the manufacturing documentation at the contractor's operation. The exact square footage of veneer sliced is measured by the contractor and reported to Mitchell Veneer. The actual veneer square footage yielded becomes the quantity accepted into inventory, and eventually sold. A standard conversion factor is not applicable.</p> <p>Mitchell also intends to resell logs it has harvested. These logs are scaled and resold by the board foot, Doyle; no conversion factors are applicable.</p>	
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>A conversion factor is not applicable. All yields of veneer from logs are actual measures in square feet of veneer cut, and are not adjusted for any factors. All log sales are by actual board foot measure, Doyle scale.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)</p>
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Mitchell Veneer has provided a summary of FSC transactions, ref. the Mitchell folder:</p> <p>For Inputs: a, supplier invoice-copies; b, quantities received; c, the FSC claim.</p> <p>For outputs: a, Mitchell Veneer invoices and a listing of all FSC Pure and CW sales; b, the quantities sold per customer invoice; c, the FSC claim as summarized in summary sheets, d, details of the species sold, e, and the Mitchell customer job or order number (if given by the customer), and customer order number, as well as the log parcel number(s).</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.2.2 For each product group the</p>	<p>The In DoF Group Member procedures, At.</p>	<p><input checked="" type="checkbox"/> C</p>

<p>organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>Mitchell Veneer has supplied a comprehensive summary of all FSC inputs, inventory and sales by species; this list is included in the Mitchell folder as attached and in the IN DoF folder.</p>	<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Mitchell Veneer determines the claim for veneers sold with FSC claims using the transfer system. Logs purchased as FSC Pure are converted to FSC Pure veneers; logs purchased and assessed as FSC CW are sold as FSC CW. Logs purchased that are un-controlled are not sold with FSC claims. Veneers purchased with FSC claims are resold with the same FSC claim as provided on the supplier's invoice or on the purchase contract; used ILO of an invoice.</p> <p>As with veneers, all FSC claims for logs are transferred using the claim as determined from the supplier.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Only the transfer control system is used by Mitchell Veneer.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p style="text-align: center;">6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoices for FSC outputs from Mitchell Veneers include: a, the Mitchell Veneer name, address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description (species and parcel #) of the veneer sold; e, the quantity in square feet of the veneer sold; f, the IN DoF Group CoC (or CW) code followed by the group member designation); g; the correct FSC claim; h, and information linking the invoice to the BOL issued by Mitchell Veneer.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>g) clear indication of the FSC claim for each product item or the total products (refer to standard for details on claims)</p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>Invoices checked included: RAK Furniere # 10106, 12/7/10; Flexible Veneer # 9870, 5/14/10 and # 10108, 12/10/10; and Fibromade, SA # 10151, 1/15/11 (containing both FSC Pure and FSC Controlled Wood logs).</p>	
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>The BOL issued by Mitchell Veneer includes the same information as required in 6.1.1</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6.3 Supplying FSC Controlled Wood</p>		
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Mitchell Veneer does comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>PART II: Systems for controlling FSC claims</p>		
<p>7. Transfer system</p>	<p>Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>	
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>		

7.1 Specification of claim periods or job orders		
<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>Claims are determined by Mitchell veneer on a job basis for each parcel and pallet of FSC veneer.</p> <p>Any FSC logs sold will carry the FSC claim as the FSC inputs.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
<p>The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.</p>	<p>As confirmed in the review of invoices issued by Mitchell Veneer for this audit, the FSC claim issued was correctly transferred from the supplier FSC claim or the Controlled Wood claim, as assessed by Mitchell Veneer. The claims are determined on an individual log by log (i.e. job) basis for the veneers produced. No logs had been resold with FSC claims at the time of this audit.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>8. Percentage system</p> <p>Is the percentage system used to determine FSC claims?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.</p>		
8.1 Specification of claim periods or job orders		
<p>8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
<p>8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p>8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9. Credit system Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.</p>		
<p>Description of credit account:</p>		
<p>9.1 Specification of claim periods</p>		
<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.3 Adding FSC credit to the credit account</p>		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.4 Withdrawing FSC credit from the credit account</p>		
<p>9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.5 Credit account management</p>		
<p>9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>PART III: Labeling and FSC Trademarks</p>		
<p>11 Eligibility for Labeling FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council' Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)</p>		
<p>10. General labeling requirements</p>		
<p>10.1 Application of FSC labels</p>	<input checked="" type="checkbox"/> N/A, does not label FSC products	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0</p> <p><input type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>	<p>Mitchell Veneer currently only uses the FSC logo on its website.</p>	
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating "only the products that are identified as such on this document are FSC certified".</p>	<p><u>Mitchell Veneer has used the FSC logo at the top of its invoice and on the packing list. This was noted during the audit, and immediately removed from the document template.</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization's product group list.</p>	<p>Mitchell FSC Pure veneers are eligible for the FSC label and are included in the company's product group list.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>	<p>The website trademark use is linked to the FSC veneer products on the website.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>	<p>N/A</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>	<p>N/A</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>	<p><u>Mitchell Veneer has used the FSC logo at the top of its invoice and on the packing list. This was noted during the audit, and immediately removed from the document template.</u> <u>Ref. non-compliance to FSC STD 50-001 V1-1, 7.5.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>	<p>N/A Mitchell Veneer makes no such claims.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>	<p>The IN DoF Group Entity administrator does have on file approval from SCS for the current use of FSC trademarks on the Mitchell Veneer website. <u>The current website use of the FSC logo will cease being in compliance on July 1, 2011.</u></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>

PART IV: Supplementary Requirements

12. Outsourcing

NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.

N/A, does not outsource processing of FSC products

12.1 Pre-conditions for outsourcing

Describe the outsourced processing activity(ies) including which FSC material/product is affected:

Mitchell Veneer has logs sliced into veneer by outsourced contractors.

12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

a) The organization has legal ownership of all input material to be included in outsourced processes; and
b) The organization does not relinquish legal ownership of the materials during outsourced processing;

Ref. At. 2, IN DoF Group Member procedures; 12.1. Group members must retain legal ownership of all FSC wood during any outsourcing activities. Mitchell Veneer does maintain legal ownership through all outsourcing activities, slicing of logs into veneer.

C
 NC
 C w/Obs

c1) The organization has an agreement or contract covering the outsourced process with each contractor.

All IN DoF Group members that outsource any processing of FSC wood must have a signed outsourcing agreement with the outsourced contractor; At. 2, 12 and Appendix B-12.

C
 NC
 C w/Obs

c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;

For non-FSC contractors, the agreement does not include a clause reserving the right of SCS to audit the contractor or operation.

C
 NC
 C w/Obs
 N/A (certified)

12.2 Maintaining traceability and paper trails

N/A (all contractors are FSC certified) (skip section 12.2)

d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.

The IN DoF Group Member Procedures, At. 2, 12 Outsourcing; a) require that the FSC materials can be tracked and controlled; and that the FSC materials

C
 NC
 C w/Obs

<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>	<p>cannot be mixed or contaminated with other materials. Mitchell Veneer has each log tagged with a log tag, The log tag number accompanies the log and all the veneer produced from each FSC log. This eliminates the likelihood of FSC logs/veneers becoming mixed with non-FSC or non-controlled wood; b, contractors must maintain complete records of all FSC materials processed. This includes production, shipping and sales records.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p>See section 2C of Summary Report with references to the outsourced contractors. The specific group members that use listed contractors are noted.</p> <p><i>Complete section 2C of Summary Report</i></p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>	<p>Details are provided for each contractor, by the veneer manufactures included as Group Members, that have conducted outsourcing.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>	<p>The IN DoF Group Members procedures, At. 2, 12, Outsourcing, require that the group member, not the contractor, issue the invoice for the FSC certified product. Mitchell Veneer issues the invoice for the FSC veneers in all cases.</p> <p>No evidence, that outsourced contractors fro Mitchell Veneer have issued any invoicing for FSC veneers, was observed in this audit process.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

12.5 Labeling		
12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).	N/A to the FSC certified outsourced contractors: Amos Hill. For all other outsourced contractors, FSC labels are not attached or applied to the veneers produced. Use of labeling for outsourced contractors of IN DoF Group Members is stated in At. 2, 12 Outsourcing 12.5.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).	IN DoF Group Procedures, At. 2, 12.6; an outsourced contractor is not permitted to claim itself as FSC CoC certified; unless the contractor is FSC CoC certified, then this clause is N/A.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.	The IN DoF Group Procedures, At. 2, 12.7, prohibit any outsourced contractor from, in turn, outsourcing the process or operation.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
13. Minor components		
In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.	<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)	
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES₂₃ Appendices I, II or III.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.</p>	<p><i>Submit calculations with report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>13.2 Rationale and action plan</p>		
<p>13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.</p>	<p>See section 2E of Summary Report</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.</p>	<p><i>Submit any new applications with report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
<p>Progress in implementing stipulated action plan from approved derogation application:</p>	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Mitchell Veneer, FSC-SCS-CW-002041X
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	31 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation

N/A – requirement not applicable

Controlled Wood System Overview									
<p>Description of system by which company monitors purchases of non-FSC certified wood included in company's program of verification:</p>	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual members' certifications. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Mitchell Veneer must demonstrate to the forest level of origin that all wood, purchased and assessed as FSC Controlled Wood by Mitchell Veneer, is within in the area included in the RA.</p>								
Part 1: Quality System Requirements									
1. Company Policy									
<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The policy is included on the IN DoF website. Mitchell Veneer developed a corresponding publicly available policy, and is included in the IN DOF folder for Mitchell Veneer.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood								
2. Procedures									
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								

	Mitchell Veneer has adopted and uses the IN DOF group member CW procedures.	
2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.	Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that responsibilities are to be assigned through the use of a template, Appendix B-1, with accompanying procedures. Mitchell Veneer has assigned Chad Seewer to fulfill the responsibilities for this group member.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3. Training		
3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.	Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2. Mitchell Veneer has adopted the required training programs.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2 Training has been provided to all staff as specified and as appropriate.	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Mitchell Veneer staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Staff members involved directly with the purchase of controlled wood, Steve and Shane Mitchell, were keenly aware of their responsibilities in assessing and documenting Controlled Wood as assessed by Mitchell Veneer.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.3 The company keeps records of the training provided to staff in	Records for training conducted by the Group Entity are on file with Carl Hauser.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC

<p>relation to implementation of this standard.</p>	<p>Mitchell Veneer had current training records available for this site audit dated August 12, 2010 and included all key staff members.</p>	<p><input type="checkbox"/> C w/Obs</p>
<p>4. Records</p>		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a minimum of 5 years.</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually. Mitchell Veneer, as a group member, does comply with this clause, and retains all required records for five years. This was confirmed by Paula Mitchell during the audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p align="center">Part 2: FSC Controlled Wood Supply requirements</p>		
<p>5. Supplier Identification</p>		
<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>p) the name and address of the supplier;</p> <p>q) description of the wood supplied;</p> <p>r) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p>A complete listing of all suppliers of wood assessed by Mitchell Veneer was on file and provided for this audit. It is included in the Mitchell Veneer folder and in the IN DoF Mitchell Veneer folder. <u>Complete in main report or submit separately</u></p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood</p>		
<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>kk) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>ll) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

<p>links the invoice to the products supplied.</p> <p>mm) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Mitchell Veneer has purchased FSC Controlled Wood (veneer) from a supplier certified to trade in FSC Controlled Wood: Coldwater Veneer. The documentation from Coldwater Veneer did confirm: a, all the veneer was clearly identified as FSC CW; b, the documentation with the veneer shipment was linked to the invoice; and c, all related documentation did include the Coldwater Veneer, FSC CW code.</p>									
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>Mitchell Veneer had verified its FSC Controlled Wood supplier (and potential suppliers); and it has maintained a listing of validated FSC CW suppliers; ref. the supplier list in the Mitchell Veneer folder.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									

8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood

<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual member's certification. The DOF has conducted, submitted, and received approval form SCS for it CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Mitchell Veneer must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA. All FSC Controlled Wood is purchased directly from loggers or landowners. The specific forest track is identified on contracts or the sale agreement, whether with the logger or landowner.</p>									
<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <p>p) determined and kept records of country and district of origin, to the forest level*, of wood supplied;</p> <p>q) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the</p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are verified for district of origin, forest level, and records are kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p>	<table border="1"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A									

<p>wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and</p> <p>r) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.</p> <p>* FSC-DIR-40-005, ADVICE-40-005-04</p>	<p>m) Mitchell Veneer requires that the specific tract of forestland is determined when it buys logs from a logger or forestland owner.</p> <p>n) Documentation includes the Mitchell Veneer computer printout from the hand-held computer, and a contract or purchase agreement of sales contract.</p> <p>o) The Mitchell Veneer log buyers purchase logs on site, and provide a continuing audit of controlled wood audits.</p> <p>Ref. supporting information contained in the IN DOF Supporting Information attachment in the Mitchell Folder.</p> <p>Submit sample of documentation proving forest of origin with report.</p>	
<p>FSC-DIR-40-005, ADVICE-40-005-04</p> <p>For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p> <p><input checked="" type="checkbox"/> N/A</p>
<p>10. Species listed on CITES</p>		
<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p><input checked="" type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>

<p>Part 3: Risk assessment and verification program</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>		<input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products
<p>11. Risk Assessment for non-certified wood</p>		
<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <p>p) District of the assessment;</p> <p>q) risk level with justification per Controlled Wood category;</p> <p>r) sources of information</p>	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be “Low Risk” for all five categories. Information is provided to Mitchell Veneer by: direct logging contracts with landowners; contracts with loggers or sawmills harvesting from known and documented forest tracts; identification of the county (or specific site or township) on the trucking or receiving documentation; and other documentation identifying the forest level of origin as determined by Mitchell Veneer. The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>	
<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or</p>	<p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin

<p>approved risk designation within 12 months of the approval date.</p>		
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following:</p> <p>jj) Name and address of SCS (can be completed by SCS)* kk) Date of the risk assessment ll) Date of review by SCS (completed by SCS)* mm) Names of district(s) for which the risk assessment has been conducted nn) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts oo) Brief justification for each of the controlled wood categories considered low risk pp) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the included IN DoF CD under Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist) *The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC</p>	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Mitchell Veneer CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>		
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Mitchell Veneer CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery.</p> <p>As a Group Member, these procedures are included in the Mitchell Veneer CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Part 4: Sale of FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p>15. Supplying FSC Controlled Wood</p>		
<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041X</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products: ee) the name and address of the buyer; ff) the date on which the invoice was issued; gg) description of the product; hh) the quantity of the product sold;</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Mitchell Veneer invoices reviewed, as included in the site audit report, included: a, the buyer (customer) name and address; b, the invoice date; c, the quantity of veneer sold in square feet; d, the pallet or parcel number-also included</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>ii) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>jj) The FSC Controlled Wood code issued by SCS.</p>	<p>on shipping documentation; and d, the IN DoF Group Controlled Wood code issued by SCS with the subcode: X.</p>	
<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include "FSC Controlled Wood" on all invoices and transportation documents issued. Mitchell Veneer invoices and transport sales documents do identify CW as "FSC Controlled Wood".</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Annex 4: Provisions for claims related to FSC Controlled Wood This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Mitchell Veneer in segregation marks. Tags are used on veneer with numbers and colors denoting the wood as controlled wood.</p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Mitchell Veneers, as observed during the company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued</p>	<p>The statement "Controlled Wood" is not used in segregation marks at any of the group members including Mitchell Veneer. FSC Controlled Wood is identified at the time of receipt by number and color of product tags.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>

<p>by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>		
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Mitchell Veneer has listed all its FSC CW customers; all are FSC CoC certified.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.5. The statement “FSC Controlled Wood” shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual at Mitchell Veneer surveillance was in English.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement ‘FSC Controlled Wood’ or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote “FSC Controlled Wood”. The Group Entity does not use or promote “FSC Controlled Wood” on its website or other communications outside of the group membership.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement ‘FSC Controlled Wood’ to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the “FSC Controlled Wood” statement is clearly linked to the specific item sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Mitchell Veneer does include its reference to FSC Controlled Wood immediately following the description of each FSC CW item on the its invoice.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.8 The statement ‘FSC Controlled Wood’ in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. Controlled Wood sales and shipping documents reviewed at Mitchell Veneer in 2011 did include the correct FSC CW code.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.10 FSC chain of custody or forest management certificate registration codes are not used in</p>	<p>The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC</p>

association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.	with product sold by group members when selling "FSC Controlled Wood"	<input type="checkbox"/> C w/Obs
1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.	The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members in this 2011 annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041AR
Site:	Ohio River Veneer, LLC; Bloomington, IN 47401 (Mailing Address: Clear Creek, IN 47426)
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	30 March 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Iamur Wright is the appointed representative for Ohio River Veneer.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Iamur Wright demonstrated appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system. Iamur Wright administers all receiving, stocking, and sales relating to FSC. This operation employs seven personnel plus the three	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

	owners.	
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Ohio River Veneer has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <i>Submit with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Ohio River Veneer, in Appendix B-1, of the Group Member Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
FSC STD 20-001 V3-0, 22 Complaints	<u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u> cc) <u>compliance with FSC requirements;</u> dd) <u>to make these records available to SCS upon request</u> ee) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> ff) <u>to document actions taken</u> See clause 1.2.1	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.3 Training		
1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.	Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Lamar Wright conducts all training at this location.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.	All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Ohio River Veneer did have current training records documented and available for this	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

	audit. The training records were dated May 26, 2010, and included the signatures of the employees trained.	
1.4 Records		
1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.	Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Ohio River Veneer had up-to-date records required for all applicable requirements of this standard available for this audit.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires all relevant documentation to be retained by the Group Member for five years. Ohio River Veneer had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Ohio River Veneer has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.	<p>Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Ohio River Veneer, a logger, has designated the Transfer System for all log sales.</p> <p>Only one site is applicable to Ohio River Veneer, Bloomington, IN.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.3 For product groups where a percentage or credit system based on		<input type="checkbox"/> C <input type="checkbox"/> NC

<p>claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>		<input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<h3>3. Material Sourcing</h3>		
<h4>3.1 Input specifications</h4>		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Ohio River Veneer has complied with the requirement and uses the categorizations and definitions as stated.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.</p>	<p>The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Ohio River Veneer has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all log receipts as: FSC Pure.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<h4>3.2 Supplier validation</h4>		
<p>3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.</p>	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Ohio River Veneer has a record of its' one FSC supplier: a) supplier product type, b) supplier material category; and c) the FSC CoC code. All FSC certified logs have been purchased from the Indiana State DoF; FSC FM/COC certified forests.</p> <p><i>Submit with report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org.</p>	<p>All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org. The Group Entity has included the IN State FSCFM/COC certified forestlands on the supplier list for Group members that are loggers.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
<h4>3.3 Purchase of Non-FSC certified virgin or reclaimed material</h4>		
<p>3.3.1 For the purchase of non-certified controlled material, the organization has</p>	<input type="checkbox"/> C, see 40-005 supplemental report	

<p>been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material
<p>Purchase of FSC Controlled Wood</p>	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> nn) all wood supplied as FSC Controlled Wood is clearly identifiable as such; oo) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. pp) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.
<p>3.4 Generating raw material on site</p>	<input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Ohio River Veneer does check for these requirements on the initiation of contracts for FSC logs.</p> <p>FSC Supplier documentation checked during this audit was the contract with the IN DOF, SCS-FM/COC 00099N, State Timber Sale 6301001 at Clark State Forest, 25 February 2010. This was Ohio River Veneer's only FSC purchase during the audit period.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	All receipts were for FSC Pure logs. These documents included sufficient information to comply with a, b, and c of the clause.	
4.2 Segregation		
4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.	<p>On arrival at the Ohio River Veneer log yard, all logs are scaled and the data entered into the hand-held computer. This data is later downloaded and the information recorded as the received quantity in board feet.</p> <p>Based on the interview with lamur Wright, FSC veneer logs are painted on the end to identify them as FSC. A separate area of the log yard has been reserved for FSC logs.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
4.3 Precautions for labeled material		
4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.	No labels are attached to the logs, FSC or not.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.	Ohio River Veneer logs are not purchased with any labels on product.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5. Volume control		
5.1 Conversion factors		
5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.	<p>Ohio River Veneer purchases by the board foot, Doyle scale.</p> <p>Logs are scaled again at the time of sale to confirm the log volume; no conversion factor is applicable for the resale of logs.</p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5.1.2 The organization has specified their		<input type="checkbox"/> C

<p>methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>		<input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
<p>5.2 Material balances</p>		
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Ohio River Veneer has provided a summary of all its FSC transactions.</p> <p>For Inputs: a, supplier contracts and Ohio River Veneer tally sheet; b, quantities received by species and board feet; c, the FSC claim, Pure, as determined by the contract.</p> <p>For outputs: a, Ohio River Veneer has the invoices for sales of FSC Pure logs; b, the quantities sold per customer invoice; c, the FSC claim for their three sales, d, details of the species sold, e, and the Ohio River Veneer invoice number.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows:</p> <p>a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>Ohio River Veneer has supplied a summary of all FSC inputs, inventory and sales by species.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems:</p> <p>a) transfer system applicable to all product groups;</p>	<p>Ohio River Veneer determines the FSC claim for FSC logs sold using the transfer system.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>		
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Only the transfer system is used, at the Bloomington, IN site.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold; f) the organization's FSC Chain of Custody or FSC Controlled Wood code; g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>) h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: Invoices for FSC outputs from Ohio River Veneer include: a, the Ohio River Veneer name, address, and contact details; b, the customer name and address; c, the invoice date and number; d, a description of the logs sold e, the quantity board feet of logs; f, the IN DoF Group CoC and the group member designation; g; a clear indication of the FSC claim; h, and sufficient information to link the invoice to the BOL issued by Ohio River Veneer: the customer name and date.</p> <p>Ohio River Veneer sales documents checked were all to: Graff Bros. Flooring, # 2314, 8/19/10/ # 2239, 6/22/10; and # 2261, 7/8/10.</p> <p>The invoices were compliant.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>The invoice issued by Ohio River Veneer serves as the invoice/documentation of sale for logs.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>6.1.3 When selling semi-finished products with FSC claims containing minor</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC</p>

<p>components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p>6.3 Supplying FSC Controlled Wood</p>		
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p>PART II: Systems for controlling FSC claims</p>		
<p>7. Transfer system Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.</p>		
<p>7.1 Specification of claim periods or job orders</p>		
<p>7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim.</p> <p>NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.</p>	<p>FSC Claims are determined, by Ohio River Veneer on a log-by-log basis, for FSC logs.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>7.2 – 7.3 FSC claims using a transfer system</p>		
<p>The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.</p>	<p>As confirmed in the review of invoices issued by Ohio River Veneer for this audit, the FSC Pure claim issued was correctly transferred from the supplied FSC claim, the IN DoF timber contract.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>8. Percentage system Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)</p>		
<p>Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.</p>		

8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9. Credit system	Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)	
Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.		
Description of credit account:		
9.1 Specification of claim periods		
9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.2 Determination of FSC and post-consumer input		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3 Adding FSC credit to the credit account		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
<p>9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
<p>9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART III: Labeling and FSC Trademarks

11 Eligibility for Labeling
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'
 Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)

10. General labeling requirements

<p>10.1 Application of FSC labels</p>	<input checked="" type="checkbox"/> N/A, does not label FSC products	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0 <input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p><i>FSC-STD-50-001 V1-1, 7.5</i>; The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<h2 style="text-align: center;">PART IV: Supplementary Requirements</h2>	
<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p> <p style="text-align: right;"><input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products</p>	
<p>12.1 Pre-conditions for outsourcing</p>	
<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	

<p>12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:</p>		
<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and</p> <p>b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.2 Maintaining traceability and paper trails <input checked="" type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)</p>		
<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.6 Promotion</p>		
<p>12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.7 Preclusion of subcontracting</p>		
<p>12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.</p>		
<p><input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)</p>		
<p>13.1 Specification and volume control</p>		
<p>13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.</p>	<p><i>Complete section 2E of Summary Report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES₂₃ Appendices I, II or III.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.</p>	<p><i>Submit calculations with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2 Rationale and action plan</p>		
<p>13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.</p>	<p>See section 2E of Summary Report</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.</p>	<p><i>Submit any new applications with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%</p>

Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%
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**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041 AT
Site:	Taggert Hill Sawmill-Chester Morgan, Nashville, IN
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	10 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Chester Morgan, Sawmill Owner, is the appointed representative for Taggert Hill Sawmill.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Chester Morgan demonstrated appropriate awareness of the company's procedures and competence in implementing the firm's CoC management system. Chester Morgan administers all receiving and processes relating to FSC, this mill employs 5 personnel in total.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Taggert Hill Sawmill has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <u>Submit with report</u>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs

<p>1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.</p>	<p>The procedures established for all Group members designate the responsibilities within each group member. These responsibilities are assigned by Taggart Hill Sawmill, in Appendix B-1, of the Group Member Procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</p> <ul style="list-style-type: none"> gg) <u>compliance with FSC requirements:</u> hh) <u>to make these records available to SCS upon request</u> ii) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> jj) <u>to document actions taken</u> <p>See clause 1.2.1.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.3 Training</p>		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Chester Morgan conducts all training at this location.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.</p>	<p>All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Taggart Hill Sawmill did have current training records documented and available for this audit. The training records were dated 4/25/11 and 7/20/10, and included the signatures of employees trained.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4 Records</p>		
<p>1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.</p>	<p>Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Taggart Hill Sawmill had up-to-date records required for all</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.	
1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark approvals), is specified in the organization's procedures, and is at least five years.	The retention time specified, in At. 2, Group Procedures, requires all relevant documentation be retained by the Group Member for five years. Taggart Hill Sawmill had all requested records available for this annual surveillance.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2. Scope of Chain of Custody System		
2.1 Product Groups		
2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Taggart Hill Sawmill has correctly completed the Product Group list template in At. 2. <i>Record in Summary Report or submit separately</i></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.	<p>Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Taggart Hill Sawmill has designated the transfer system for all lumber sales. It has also designated the transfer system for resale of FSC Pure logs. It has indicated that it will, after approval by the group entity, the IN DOF, move to use the Credit system. The use of the Credit system is currently not included in the scope of this group member's certification.</p> <p>Only one site is applicable to Taggart Hill Sawmill, Nashville, IN.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade),	N/A until the Group Entity approves the inclusion of the credit system for Taggart Hill Sawmill.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A

b) conversion factors.		
3. Material Sourcing		
3.1 Input specifications		
3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.	As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Taggart Hill Sawmill has complied with the requirement and uses the categorizations and definitions as stated.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.	The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Taggart Hill Sawmill has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all log receipts as: FSC Pure or FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2 Supplier validation		
3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.	All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Taggart Hill Sawmill has a record of their FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (CW is not applicable.) <u>All FSC certified timber has been purchased from a Member of the IN State FM/CoC Group, or from the Indiana State DoF. Its purchases of FSC CW have been from one site, Atterbury. All log receipts to the Taggart Hill Sawmill are recorded by Charles Morgan. A consolidated listing of these requirements was not available for this audit.</u> <i>Submit with report</i>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org .	All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org . Taggart Hill Sawmill has on file names of FSC suppliers verified with the IN DoF: the IN state FM/COC, or the IN state group FM/COC.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)

3.3 Purchase of Non-FSC certified virgin or reclaimed material	
<p>3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.</p>	<p> <input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products </p> <p>See attached Taggart Hill Sawmill 40-005 CW audit report.</p>
<p>3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.</p>	<p> <input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material </p>
Purchase of FSC Controlled Wood	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <p>qq) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>rr) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>ss) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p>
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood </p> <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>
<p>3.4 Generating raw material on site</p>	<p> <input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product </p>
<p>3.4.1 Input material generated at the organization's own site for an FSC</p>	<p>Wood chips are not included in the scope of the Taggart Hill certification at this time.</p> <p> <input checked="" type="checkbox"/> C <input type="checkbox"/> NC </p>

<p>product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <p>a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>)</p> <p>b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		<input type="checkbox"/> C w/Obs
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that:</p> <p>a) the supplied material quantities and quality are in compliance with the supplied documentation;</p> <p>b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products;</p> <p>c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>Taggart Hill Sawmill does check for these requirements on the initiation of contracts for FSC logs.</p> <p>FSC Supplier documentation checked during this audit were the two FSC contracts for the following timber</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

	<p>purchases: Danzer, SCS-FM/COC-00123N: 6/21/10 Cain Tract Contract; IN DoF contract # 6421006, Yellowwood State Forest, 2/18/10.</p> <p>All contracts were for FSC Pure timber. These documents included sufficient information to comply with a, b, and c of the clause.</p>									
<p>4.2 Segregation</p>										
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>Most grade sawmill logs and all veneer logs are delivered directly to customers from the logging site. It uses the tally issued by the customer. Lower grade FSC logs are taken to the Taggart Hill sawmill.</p> <p>On arrival at the Taggart Hill Sawmill log yard, FSC logs are tallied and stored in a separate area for FSC logs. No FSC logs were in the yard at the time of this audit. <u>Mr. Morgan stated that FSC logs are not marked in any way.</u> All other logs are added to the non-FSC log yard.</p> <p>FSC logs are stored in a separate location in the log yard. All other received logs are assessed by Taggart Hill Sawmill as Controlled Wood. Taggart Hill Sawmill employs the transfer system for controlling FSC claims for all lumber.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input checked="" type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A (explain)
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<input type="checkbox"/>	N/A (explain)									
<p>4.3 Precautions for labeled material</p>										
<p>4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.</p>	<p>No labels are attached to the logs, FSC or not.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A (explain)
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<input checked="" type="checkbox"/>	N/A (explain)									
<p>4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.</p>	<p>Taggart Hill Sawmill logs are not purchased with any labels on product.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A (explain)
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<input checked="" type="checkbox"/>	N/A (explain)									

5. Volume control										
5.1 Conversion factors										
<p>5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.</p>	<p>Taggert Hill Sawmill purchases timber by the board foot, Doyle scale. It uses the actual yield from each log in board feet to record the yield; a conversion factor is N/A.</p> <p>Taggert Hill intends to use the conversion factor, as determined by the USFS and accepted by the IN DoF, for the yield in tons of chip/sawdust for each 1000 board feet of lumber sawn; when in the future it includes this product group in the scope of its FSC COC certification.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A (explain)
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<input type="checkbox"/>	N/A (explain)									
<p>5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.</p>	<p>Taggert Hill Sawmill will record the yield of lumber, by species and grade as sawn, for future addition to its credit system. The credit system is N/A at the time of this audit.</p> <p>No conversion factor is applicable for the direct sale of logs to customers; the customers tally the logs received from Taggert Hill on arrival at their location. All tallies are in Doyle scale.</p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A (explain)</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A (explain)
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5.2 Material balances										
<p>5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s).</p> <p>The accounting record includes at least the following information:</p> <p><u>For inputs:</u></p> <p>a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u></p> <p>a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim;</p>	<p>At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim.</p> <p>Taggert Hill Sawmill has provided a summary of all its FSC transactions during this audit. Included are:</p> <p>For Inputs: a, supplier contracts; b, quantities received by species per the referenced contracts; and c, the FSC claim as determined by the contract.</p> <p>For outputs: Taggert Hill has not sold any logs or lumber as FSC certified (as of the audit date.) During the site audit, Mr. Morgan did demonstrate that such records will be maintained for future sales of FSC certified products.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>d) information to identify the product item in invoices; e) applicable claim period or job order</p>		
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The IN DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>a. all FSC purchased was included in the applicable contracts; b, Taggart Hill does not maintain a formal inventory of logs used in production; c & d, no FSC inputs or outputs were in stock; e, no lumber or logs were sold with FSC claims. <u>A written summary of applicable items was not available for this audit.</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3 Determination of FSC claims</p>		
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Taggart Hill Sawmill determines the FSC claim for veneer logs sold using the transfer system.</p> <p>Currently the transfer system is the only control system approved for use by the IN DoF by Taggart Hill Sawmill. It intends to use the credit system for at a later date, after approval of its use by the IN DoF.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>	<p>Taggart Hill Sawmill has only one operational site, in Nashville, IN.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information: a) name and contact details of the organization; b) name and address of the customer; c) date when the document was issued; d) description of the product; e) quantity of the products sold;</p>	<p>The IN Group Member procedures require the issuing of compliant invoices: <u>Invoices for FSC outputs from Taggart Hill Sawmill were not available for this audit: no draft or example invoices for FSC logs and/or lumber were available.</u></p> <p><u>Note: the customer scale tickets serve as invoices, and documentation the sale. The price of sale is documented elsewhere, and included in the payment statement from the customer. The final quantity is determined</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p> <p>g) clear indication of the FSC claim for each product item or the total products (refer to standard for details on claims)</p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p><u>by the customer scale of the veneer logs at the customer site. Supplier generated scale tickets, at this time, are not available to or retained by Taggert Hill Sawmill.</u></p>									
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p><u>Taggert Hill does not issue any delivery tickets for logs delivered directly to the customer; the scale ticket is created by the receiving customer and is the only documentation. Ref. non-conformance to clause 6.1.1.</u></p>	<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport documentation and/or supplementary letters.</p>		<table border="0"> <tr><td><input type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<input checked="" type="checkbox"/>	N/A									
<p>6.3 Supplying FSC Controlled Wood</p>										
<p>6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.</p>	<p>As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Taggert Hill Sawmill does (or will) comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood. To date, Taggert Hill Sawmill as not sold lumber or veneer logs as FSC Controlled Wood.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<input type="checkbox"/>	N/A									

PART II: Systems for controlling FSC claims		
7. Transfer system	Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)	
Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.		
7.1 Specification of claim periods or job orders		
7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim. NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.	FSC claims are determined by Taggart Hill Sawmill, on a log by log basis for FSC veneer logs. FSC claims for lumber are also determined by the transfer system.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	Taggart Hill Sawmill has not issued any invoices for FSC wood. Based on its procedures as provided by the Group Entity, it will correctly transfer FSC claims on future sales of FSC wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8. Percentage system	Is the percentage system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)	
Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.		
8.1 Specification of claim periods or job orders		
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

8.2 Determination of FSC and post-consumer input		
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9. Credit system <div style="float: right;"> Is this system used to determine FSC claims? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section) </div>		
Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.		
Description of credit account:	Taggart Hill Sawmill is not approved, at this time, by the IN DoF for the implementation and use of the credit system. This audit has confirmed that this firm is not, at the time of this audit, prepared or qualified to implement the credit control system.	
9.1 Specification of claim periods		
9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.2 Determination of FSC and post-consumer input		
9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

9.3 Adding FSC credit to the credit account		
9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has <u>gained</u> legal ownership and the material category has been verified, and before the material enters the production process.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.4 Withdrawing FSC credit from the credit account		
9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5 Credit account management		
9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.	T	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
PART III: Labeling and FSC Trademarks		
11 Eligibility for Labeling		
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'		
Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)		
10. General labeling requirements		

<p>10.1 Application of FSC labels</p>	<p><input checked="" type="checkbox"/> N/A, does not label FSC products</p>	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0</p> <p><input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		

<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-STD-50-001 V1-1, 7.5;</i> The FSC trademarks are not used on business cards to promote the organization’s certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16 All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART IV: Supplementary Requirements

<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p>	<input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products
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12.1 Pre-conditions for outsourcing

<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	
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12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:

<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>12.2 Maintaining traceability and paper trails</p>	<input checked="" type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)
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<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

12.6 Promotion		
12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (FSC-ADV-40-017 V1-1, 2.2).		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
12.7 Preclusion of subcontracting		
12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.		
<input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)		
13.1 Specification and volume control		
13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.	<i>Complete section 2E of Summary Report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES ₂₃ Appendices I, II or III.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.	<i>Submit calculations with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

13.2 Rationale and action plan		
13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.	See section 2E of Summary Report	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.	<i>Submit any new applications with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%
Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%	

**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Taggart Hill Sawmill-Chester Morgan, FSC-SCS-CW-002041AT
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	10 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

Controlled Wood System Overview	
Description of system by which company monitors purchases of non-FSC certified wood included in company's program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual members' certification. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Taggart Hill Sawmill must demonstrate to the forest level of the district of origin that all wood, that is purchased and assessed as FSC Controlled Wood by Taggart Hill Sawmill, is within the area included in the RA.</p>

Part 1: Quality System Requirements		
1. Company Policy		
<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no program of verification, buys FSC Controlled Wood</p> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The public policy is included on the IN DoF website. Taggert Hill Sawmill developed a corresponding publicly available policy, and is included in the IN DOF folder for Taggert Hill Sawmill.</p>	
2. Procedures		
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Taggert Hill Sawmill has adopted and uses the IN DOF group member CW procedures.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that: responsibilities are assigned through the use of a template, Appendix B-1, with accompanying procedures. Taggert Hill Sawmill has assigned Chester Morgan, owner, to fulfill the responsibilities for this group member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

3. Training		
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Taggert Hill Sawmill has adopted the required training programs. Chester Morgan did evidence that he had received the appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuing basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Taggert Hill Sawmill staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>The audit interview with Chester Morgan confirmed that he has received appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Taggert Hill Sawmill had current training records available for this site audit dated 7/20/2010 and 4/25/11 and included Mr. and Mrs. Morgan, the two principals.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
4. Records		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a minimum of 5 years.</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually. Taggert Hill Sawmill, as a group member,</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>does comply with this clause, and retains all records for five years; as confirmed, by with Mr. Morgan during course of the audit.</p>	
<p>Part 2: FSC Controlled Wood Supply requirements</p>		
<p>5. Supplier Identification</p>		
<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>s) the name and address of the supplier;</p> <p>t) description of the wood supplied;</p> <p>u) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p>The one supplier of wood assessed by Taggart Hill Sawmill was on file and provided for this audit. It is included in the Taggart Hill Sawmill folder and in the IN DoF Taggart Hill Sawmill folder.</p> <p><u>A description and the species and volume of the wood supplied is not included in this listing.</u> <u>See non-conformance to FSC STD 40-004 V2-0, 5.2.2.</u> Complete in main report or submit separately</p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood</p>		
<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>tt) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>uu) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>vv) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>Taggart Hill Sawmill has not purchased FSC Controlled Wood from any supplier certified to trade in FSC Controlled Wood.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>Taggert Hill Sawmill had not purchased any Controlled Wood from a certified supplier of FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> N/A</p>
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8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood

<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual members certification. The DOF has conducted, submitted, and received approval form SCS for it CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Taggert Hill Sawmill must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within in the area included in the RA. All FSC Controlled Wood is to be purchased directly from forestland owners. The specific forest track is identified on contracts or the sale agreement.</p>
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<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <ul style="list-style-type: none"> s) determined and kept records of country and district of origin, to the forest level*, of wood supplied; t) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and u) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood. <p>* FSC-DIR-40-005, ADVICE-40-005-04</p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are to be verified for district of origin, forest level and records are to be kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <ul style="list-style-type: none"> p) Taggert Hill Sawmill exclusively purchases standing timber under contract with the forestland owner or authorized individual or government agency. q) It has those contracts retained in its files. r) N/A Chester Morgan conducts the actual logging operation personally, and, in effect, audits all CW purchases. <p>Submit sample of documentation proving forest of origin with report.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
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<p><i>FSC-DIR-40-005, ADVICE-40-005-04</i> For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5, the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
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10. Species listed on CITES

<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
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<p>Part 3: Risk assessment and verification program</p>	<p>This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>	<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>
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11. Risk Assessment for non-certified wood

<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> s) District of the assessment; t) risk level with justification per Controlled Wood category; u) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be "Low Risk" for all five categories. Information is provided to Taggart Hill Sawmill by direct logging contracts with landowners The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>
<p>11.1 For suppliers included in the</p>	<p>The DOF has confirmed that all Group</p>

<p>company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p> <p>Chester Morgan has had one supplier to date that he has included as a source for Controlled Wood: Camp Atterbury Joint Maneuver Training Center (Federal Land in Indiana.)</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, evaluation</p>
<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, no guidance or risk designations for company's district of origin</p> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following:</p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the IN DoF CD attachment under Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>qq) Name and address of SCS (can be completed by SCS)*</p> <p>rr) Date of the risk assessment</p> <p>ss) Date of review by SCS (completed by SCS)*</p> <p>tt) Names of district(s) for which the risk assessment has been conducted</p> <p>uu) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts</p> <p>vv) Brief justification for each of the controlled wood categories considered low risk</p> <p>ww) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>		
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p style="text-align: center;"><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist)</p> <p>*The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>

<p>actions identified as a result of the company's evaluation.</p>		
<p>13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Taggart Hill Sawmill CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Taggart Hill Sawmill CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC</p>

<p>FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1 month of discovery.</p> <p>As a Group Member, these procedures are included in the Taggart Hill Sawmill CW procedures, At. 2, part V.</p>	<p><input type="checkbox"/> C w/Obs</p>
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Part 4: Sale of FSC Controlled Wood

This part of *FSC-STD-40-005* is applicable to companies that wish to make sales of FSC Controlled Wood.

N/A, sale of FSC Controlled Wood not included in scope of certificate

15. Supplying FSC Controlled Wood

<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041AT.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products:</p> <p>kk) the name and address of the buyer;</p> <p>ll) the date on which the invoice was issued;</p> <p>mm) description of the product;</p> <p>nn) the quantity of the product sold;</p> <p>oo) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>pp) The FSC Controlled Wood code issued by SCS.</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p>Taggart Hill Sawmill has not sold any FSC Controlled Wood. The sale of Controlled Wood is included on the Taggart Hill Sawmill product group list; however Taggart Hill Sawmill management has no expectation of selling FSC Controlled Wood lumber at this time.</p> <p>The mill did not have a draft example of an invoice for FSC Controlled Wood prepared for this audit. It has not developed a compliant mechanism to document the FSC Controlled Wood claim to its customer.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued. Taggart Hill Sawmill had not sold any FSC Controlled Wood to the date of this audit. It did not have available for this audit a draft example of an invoice or shipping document for FSC Controlled</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	Wood.	
<p>Annex 4: Provisions for claims related to FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>		
<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is to be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Taggert Hill Sawmill in segregation marks.</p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Taggert Hill Sawmill, as observed during this company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>	<p>The statement "Controlled Wood" or "FSC Controlled Wood" is not used in segregation marks by Taggert Hill Sawmill.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Taggert Hill Sawmill has not sold any FSC Controlled Wood. Chester Morgan has confirmed in this audit that he is aware of this requirement.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.5. The statement "FSC Controlled Wood" shall be written</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC</p>

<p>in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.</p>	<p>English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this annual at Taggert Hill Sawmill surveillance was in English.</p>	<p><input type="checkbox"/> C w/Obs</p>
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote "FSC Controlled Wood". The Group Entity does not use or promote "FSC Controlled Wood" on its website or other communications outside of the group membership.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the "FSC Controlled Wood" statement is to be clearly linked to the specific items sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Taggert Hill Sawmill is aware of this requirement. At the time of this site audit, Taggert Hill Sawmill had not sold any FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.8 The statement 'FSC Controlled Wood' in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. No documentation of this type has been issued by Taggert Hill Sawmill to the date of this audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.</p>	<p>The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members selling "FSC Controlled Wood".</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.</p>	<p>The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members, to include Taggert Hill Sawmill, in this 2011 annual surveillance.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

**SCS Supplemental Report for FSC Chain of Custody Certification
FSC-STD-40-004 V2-0**

Plus requirements from other applicable standards and advice notes where referenced

Certificate Holder:	Indiana Department of Natural Resources, Division of Forestry, Group Certification SCS-COC-002041 AP
Site:	Trueblood Logging; Salem, Indiana
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	11 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
N/A – requirement not applicable

PART I: Universal Requirements		
1. Quality management		
Requirement	Evidence and Findings	Conformance
1.1 Responsibilities		
1.1.1 A management representative has been appointed as having overall responsibility and authority for the organization's compliance with all applicable requirements of this standard.	Carl Hauser has overall group responsibility as the Indiana State DoF Forest Certification Coordinator. Billy Trueblood is the appointed representative for Trueblood Logging.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.1.2 All relevant members of staff demonstrate awareness of the organization's procedures and competence in implementing the organization's Chain of Custody management system.	Carl Hauser is fully aware of the CoC requirements of the Group Entity. Billy Trueblood demonstrated reasonable awareness of the company's procedures and competence in implementing the firm's FSC CoC management system. Billy Trueblood administers all processes relating to FSC; the logging operation employs five personnel in total.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
1.2 Procedures		
1.2.1 The organization has established and implemented up-to-date procedures covering all applicable requirements of FSC-STD-40-004 V2-0, as appropriate for its scale and complexity.	Ref. At. 2, Trueblood Logging has filled out the required portions of the IN DoF Group Members procedures, as confirmed during this audit. <u>Complaints procedures are not included.</u> <i>Submit with report</i>	<input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs
1.2.2 Procedures include the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation.	The procedures established for all Group members designate the responsibilities for each group member. These responsibilities are assigned to Billy Trueblood, in Appendix B-1, of the Group Member Procedures.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>FSC STD 20-001 V3-0, 22 Complaints</p>	<p><u>The Group Entity and group members do not have procedures to keep a record of all complaints made know to them relating to a product's</u> kk) <u>compliance with FSC requirements;</u> ll) <u>to make these records available to SCS upon request</u> mm) <u>to take appropriate action with respect to such complaints and any deficiencies found in products or services that affect compliance with the requirements for certification; and</u> nn) <u>to document actions taken</u> See clause 1.2.1.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input checked="" type="checkbox"/> C w/Obs</p>
<p>1.3 Training</p>		
<p>1.3.1 The organization has established and implemented a training plan according to the qualifications and/or training measures defined in the organization procedures.</p>	<p>Training plans have been established in the Group Entity, At. 1, and Group Member, At. 2 procedures. Individuals conducting training for the IN DoF are qualified by assigned position and advanced training in forestry and forest products management. Trainers at each site are qualified by the IN DoF training provided and by their respective company positions. Billy Trueblood conducts training at this location.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.3.2 The organization maintains records of the training provided to staff in relation to implementation of FSC-STD-40-004 V2-0.</p>	<p>All DoF Group members are required to conduct periodic training for FSC CoC operations (and CW when applicable); ref. At. 2, Group member procedures. Trueblood Logging did have current training records documented and available for this audit. The training records were dated August 15, 2010, and included the signatures of two additional employees trained: two log truck drivers.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4 Records</p>		
<p>1.4.1 The organization maintains complete and up-to-date records covering all applicable requirements of FSC-STD-40-004 V2-0.</p>	<p>Records covering all aspects of the applicable requirements for this standard are required to be maintained by each Group member. Trueblood Logging had up-to-date records required for applicable requirements of this standard available for this audit and/or available to the IN DoF Group Entity audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.4.2 Retention time for all records and reports (including purchase and sales documents, training records, production records, volume summaries and trademark</p>	<p>The retention time specified, in At. 2, Group Procedures, requires that all relevant documentation be retained by the Group</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>approvals), is specified in the organization's procedures, and is at least five years.</p>	<p>Member for five years. Trueblood Logging had all requested records available for this annual surveillance.</p>	
<p>2. Scope of Chain of Custody System</p>		
<p>2.1 Product Groups</p>		
<p>2.1.1 The organization has established FSC product groups for all products to be sold with FSC claims, including the following information: a) specification of the product group as FSC Pure, FSC Mixed, FSC Recycled or FSC Controlled Wood; b) product type(s) according to the FSC product classification; c) species according to the FSC species terminology used as inputs to the product group, if information on species composition is commonly used to designate the product characteristics.</p>	<p>The Group Entity, IN DoF, has developed Group Member procedures, At. 2, that include a full and complete Product Group List. The Group Member checks off all product types with the respective specification for FSC claim and species. <u>The species, according to FSC species terminology, is not included with the common name for the species.</u></p> <p>Trueblood Logging has correctly completed the Product Group list template in At. 2. <u>Record in Summary Report or submit separately</u></p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.2 For each product group the organization has specified: a) the material categories used as input; b) the control system used for making FSC claims: i. transfer system; ii. percentage system; or, iii. credit system; c) the sites involved in management, production, storage, sale, etc.</p>	<p>Each Group Member is required to designate, in the Product Group List, At. 2, the specific control system used for making FSC claims. Trueblood Logging has designated the transfer system for all log sales. Only one site is applicable to Trueblood Logging, Salem, IN.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>2.1.3 For product groups where a percentage or credit system based on claim periods is used, the organization has procedures to ensure that all included products share similar specifications in relation to: a) quality of inputs (e.g. species and grade), b) conversion factors.</p>	<p>N/A</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>3. Material Sourcing</p>		
<p>3.1 Input specifications</p>		
<p>3.1.1 The organization has adopted and uses the definitions and categorization of input materials as specified by FSC-STD-40-004 V2-0.</p>	<p>As required by the Group Entity, IN DoF, each Group Member must adopt the template procedures. This includes the use of definitions and categorizations as specified in FSC-STD-40-004 V2-0. Trueblood Logging has complied with the</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	requirement and uses the categorizations and definitions as stated.	
3.1.2 The organization categorizes all inputs to FSC product groups by their material category and ensures that only eligible inputs are used.	The IN DoF procedures require that each group member does categorize all their FSC material receipts and ensure that only eligible inputs are used. Trueblood Logging has demonstrated that it does classify all FSC receipts, and that only qualified and eligible inputs are used for FSC certified material receipts. It classifies all logs timbered as: FSC Pure or FSC Controlled Wood.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2 Supplier validation		
3.2.1 The organization has an up-to-date record of all their FSC-certified suppliers who are supplying material used for FSC product groups, including: a) the supplied product type; b) the supplied material category; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code, if applicable.	<p>All Group members are required, in the Group Member procedures, At. 2, to maintain a list of FSC certified suppliers. Trueblood Logging has a record of their FSC suppliers: a) supplier product type, b) supplier material category; and c) the FSC CoC code (CW is not applicable.)</p> <p>The list of FSC suppliers consists of one supplier, the IN DoF; it is included in the Group Entity procedures and suppliers list in Appendix B-3.</p> <p><i>Submit with report</i></p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
3.2.2 The organization has verified the validity and scope of their suppliers' FSC certificate for any changes that might affect the availability and authenticity of the supplied products via http://info.fsc.org .	All IN DoF Group Members are required to verify FSC CoC suppliers on http://info.fsc.org . Trueblood Logging has on file the name of its' FSC supplier verified with the IN DoF: the IN state FM/COC.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
3.3 Purchase of Non-FSC certified virgin or reclaimed material		
3.3.1 For the purchase of non-certified controlled material, the organization has been evaluated against FSC-STD-40-005: Standard for Company Evaluation of FSC Controlled Wood for implementation of an FSC Controlled Wood program of verification.	<input checked="" type="checkbox"/> C, see 40-005 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, not purchasing non-certified material for use in FSC products See attached Trueblood Logging 40-005 CW audit report.	
3.3.2 For the purchase of non-certified reclaimed material, the organization has been evaluated against the applicable requirements of FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC Product Groups or FSC-certified Projects.	<input type="checkbox"/> C, see 40-007 supplemental report <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy non-FSC certified reclaimed material	

Purchase of FSC Controlled Wood	
<p><i>FSC-STD-40-005 V2-1, 7.1</i> For supplies of FSC Controlled Wood the organization ensures that:</p> <ul style="list-style-type: none"> ww) all wood supplied as FSC Controlled Wood is clearly identifiable as such; xx) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied. yy) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code. 	<ul style="list-style-type: none"> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood
<p><i>FSC-STD-40-005 V2-1, 10.1</i> The organization has procedures to verify that all supplies of wood for FSC products from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A, does not buy FSC Controlled Wood <p>Note: Compliance with this requirement is a prerequisite for authorization to buy FSC Controlled Wood for use in FSC Mixed Products. To buy AND sell FSC Controlled Wood, certification to FSC-STD-40-005 is required.</p>
<p>3.4 Generating raw material on site</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> N/A, does not use co-product from manufacturing as input to another FSC product
<p>3.4.1 Input material generated at the organization's own site for an FSC product group is identified by the material category and, if applicable, the associated percentage claim or credit claim as follows:</p> <ul style="list-style-type: none"> a) material produced during the process of primary manufacture of another (principal) product from the same input is considered as belonging to the same material category as the input from which it was (co-) produced, or as controlled material (<i>according to FSC-ADV-40-004 V2-0 and FSC Transitory Requirements</i>) b) material that is reclaimed from a process of secondary manufacture or a downstream industry source where the material has not been intentionally produced, is unfit for end use and not 	<ul style="list-style-type: none"> <input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>capable of being re-used on-site in the same manufacturing process that generated it, is considered as belonging to the same material category as the input from which it was derived or as pre-consumer reclaimed material.</p>		
<p>3.4.2 Where the proportions of the different inputs cannot be identified the organization classifies mixtures of virgin and/or reclaimed material by the material category, and percentage or credit claim where applicable, with the lowest FSC or post-consumer input per input volume.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Material receipt and storage</p>		
<p>4.1 Identification of input</p>		
<p>4.1.1 On receipt of material or prior to further use or processing the organization checks the supplier invoice and supporting documentation to ensure that: a) the supplied material quantities and quality are in compliance with the supplied documentation; b) the material category and, if applicable, the associated percentage or credit claim is stated for each product item or for the total products; c) the supplier's FSC Chain of Custody or FSC Controlled Wood code is quoted for material supplied with FSC claims.</p>	<p>The IN DoF Group Member procedures require that the group members check FSC supplier invoices and supporting documentation to ensure that: a) that the quantity and quality received are in compliance with the purchase specification; b) the material FSC claim is stated; and c), the supplier's correct FSC CoC code and/or FSC CW code are included.</p> <p>The quantity, quality, and species of all trees harvested are included in the IN DoF sale contracts. The FSC Pure claim and the IN FSC FM/COC numbers are also included in the contract.</p> <p>FSC Supplier documentation checked during this audit was the IN DOF contract # 6361001, March 23, 2010 for a parcel in the Martin State Forest. The contract was for FSC Pure timber. These documents included sufficient information to comply with a, b, and c of the clause.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4.2 Segregation</p>		
<p>4.2.1 Inputs used for FSC product groups remain clearly identifiable and separable from purchase to sale by their product group, or by their associated FSC claim if identical inputs are used for more than one FSC product group.</p>	<p>FSC logs are delivered directly to its customers from the logging site. The deliveries are on Trueblood Logging trucks. Logs harvested from FSC IN DOF contract purchases are not mixed with logs from any other timbering operations.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)</p>

4.3 Precautions for labeled material		
4.3.1 For materials received with an FSC label the organization ensures that: a) material that will be further processed is cleared of any labels or segregation marks before sale, (not applicable in cases where the label is inseparable due to product characteristics (e.g. print materials)); b) material that will be sold unchanged is checked by the organization for being correctly labeled according to its FSC material category.	No labels are attached to the logs, FSC or not.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
4.3.2 In the case that materials are received with a label from another forestry conformity assessment scheme (e.g. PEFC, SFI), the organization ensures that the materials are cleared of any such labels before sale with an FSC claim.	Trueblood Logging logs are not purchased with any labels on product.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5. Volume control		
5.1 Conversion factors		
5.1.1 For each product group the organization has identified the main processing steps involving a change of material volume or weight and has specified the conversion factor(s) for each processing step or, if not feasible, for the total of all processing steps.	Trueblood Logging purchases timber by the board foot, Doyle scale. The FSC logs it sells are scaled by the customer, again in Doyle scale.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (explain)
5.1.2 The organization has specified their methodology for calculating conversion factor(s) and ensures that conversion factors are kept up to date.	No conversion factor is applicable for the direct sale of logs to customers; the customer tallies the logs received from Trueblood Logging on arrival at its location. All tallies are in Doyle scale.	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A (explain)
5.2 Material balances		
5.2.1 For each product group the organization has established a material accounting record to ensure that at all times the quantities produced and/or sold with FSC claims are compatible with the quantities of inputs from different material categories, their associated percentage or credit claims, and the product group conversion factor(s). The accounting record includes at least the following information:	At. 2, IN DoF Group Procedures, 5.2 Material Balances, require all Group Members to maintain accounting records to ensure that quantities of all FSC goods purchased and sold are maintained. And in 5.3, of At. 2, FSC goods sold are required to be compatible with the FSC claim. Trueblood Logging has provided a record of its FSC transactions. For inputs its accounting record is the IN DoF contract; for outputs, its' accounting records are the delivery tickets issued by the receiving	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p><u>For inputs:</u> a) supplier invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) material category and FSC percentage or credit claim (i.e. FSC claim)</p> <p><u>For outputs:</u> a) invoice references; b) quantities (by volume, weight or pieces, as appropriate); c) FSC claim; d) information to identify the product item in invoices; e) applicable claim period or job order</p>	<p>customer: Adkins Sawmill.</p> <p>For Inputs: a, the FSC IN DoF supplier contract number and date; b, quantities received by species per the referenced contracts; and c, the FSC claim as determined by the contract.</p> <p>For outputs: Trueblood logging creates its own numbered delivery tickets. A log tally is performed and scale tickets issued by Adkins Sawmill on delivery of logs. These include: a, the Delivery Ticket and a matching Adkins scale ticket; b the quantity delivered by species and volume; c, the FSC Pure claim; d, N/A no invoice is issued; and e, the name of the forest tract harvested.</p> <p>Trueblood Logging had copies of Adkins scale tickets 10551 through 10558; <u>however, ten Adkins scale tickets (to match the Trueblood delivery tickets) could not be located that were part of the delivery of FSC logs to Adkins Sawmill.</u></p>							
<p>5.2.2 For each product group the organization has annual volume summaries providing quantitative information for each material category received/used and product type produced/sold, as follows: a) inputs received; b) inputs used for production (if applicable); c) inputs still in stock; d) outputs still in stock; e) outputs sold.</p>	<p>The In DoF Group Member procedures, At. 2, 5.2 Material Balances, require that the Group Member record and have summaries available of all FSC purchases, inputs used in manufacturing, finished outputs in stock, and outputs sold.</p> <p>a. all FSC timber purchased was included in the one applicable contract; b, c & d, N/A; e, outputs sold were represented in the same contract: <u>a written summary of applicable FSC logs purchased and sold was not available for this audit.</u></p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<p>5.3 Determination of FSC claims</p>								
<p>5.3.1 The organization determines the appropriate FSC claim for each claim period or job order according to one of the following control systems: a) transfer system applicable to all product groups; b) percentage system applicable to FSC Mixed and FSC Recycled product groups; c) credit system applicable to FSC Mixed and FSC Recycled product groups.</p>	<p>Trueblood Logging determines the FSC claim for logs sold using the transfer system.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<input type="checkbox"/>	NC							
<input type="checkbox"/>	C w/Obs							

<p>5.3.2 The organization carries out calculations of input percentages or FSC credit at the level of a single site, and per product group.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A
<p>6. Sales and delivery</p>		
<p>6.1 Identification of outputs sold with FSC claims</p>		
<p>6.1.1 Invoices issued for outputs sold with FSC claims include the following information:</p> <p>a) name and contact details of the organization;</p> <p>b) name and address of the customer;</p> <p>c) date when the document was issued;</p> <p>d) description of the product;</p> <p>e) quantity of the products sold;</p> <p>f) the organization's FSC Chain of Custody or FSC Controlled Wood code;</p> <p>g) clear indication of the FSC claim for each product item or the total products (<i>refer to standard for details on claims</i>)</p> <p>h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.</p> <p>NOTE: for supplies of finished products that meet the labeling thresholds specified in Section 11, the organization may omit the percentage or credit information in sales and transport documentation however the material will then have lost its information on FSC or post-consumer content for subsequent customers and therefore may not be resold with FSC claims.</p>	<p>The IN Group Member procedures require the issuing of compliant invoices or equivalent documentation. Trueblood logging does not issue invoices. It uses a combination of its delivery ticket, stamped with its FSC CoC code with the FSC Pure claim, and the Adkins Sawmill scale ticket. Adkins Sawmill is the only FSC customer for FSC certified logs.</p> <p>The delivery tickets issued by Adkins Sawmill serve as invoices and documentation of the sale for Trueblood Logging. The price of sale is documented elsewhere, and included in the payment statement from the Adkins Sawmill. The final quantity sold is documented on the Adkins Sawmill scale ticket for the logs delivered to that location. <u>Trueblood Logging was missing ten Adkins scale tickets from 9/27/10 through 12/01/10. (It had on record the Trueblood Logging delivery tickets, but not the Adkins scale ticket).</u></p> <p><u>See non-conformance to clause 5.2.1 a</u></p>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.1.2 If a copy of the invoice is not included with the shipment of the product the information required in clause 6.1.1 is included in the related transport documentation.</p>	<p>Trueblood Logging issues delivery tickets for logs delivered directly to its customer; a matching scale ticket is created by Adkins Sawmill; this is the only documentation of delivery and sale.</p>	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p>6.1.3 When selling semi-finished products with FSC claims containing minor components exceeding 1% of the product volume or weight the organization provides the volume or weight of the minor components on invoices, transport</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A

documentation and/or supplementary letters.		
6.3 Supplying FSC Controlled Wood		
6.3.1 The organization ensures all sales of FSC Controlled wood comply with Part 4 of FSC-STD-40-005 V2-1.	As required in the IN DoF group procedures, At. 1, Part V, Controlled Wood; Trueblood Logging is to comply with Part 4 of FSC STD-40-005 V2-1 for the sales of all FSC Controlled Wood. <u>Trueblood Logging has sold FSC Controlled Wood to Adkins Sawmill (wood included by Adkins as FSC Controlled Wood); FSC Controlled Wood and the appropriate FSC CW code was not included on delivery tickets or the Adkins scale tickets. See non-conformance to FSC STD 40-005 V2-1, 15.2.</u>	<input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
PART II: Systems for controlling FSC claims		
7. Transfer system	Is the transfer system used to determine FSC claims? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Skip this section)	
Eligibility: The transfer system shall be used for <u>trading activities</u> related to finished products and for the production of FSC Pure product groups.		
7.1 Specification of claim periods or job orders		
7.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC claim. NOTE: The minimum length of the claim period shall be the length of time to complete a batch run including receipt, storage, processing, labeling and/or sale of the output product.	FSC claims are determined by Trueblood Logging, on an individual forest tract basis.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
7.2 – 7.3 FSC claims using a transfer system		
The organization determines the correct FSC claim for outputs based on the material category and FSC claim of the input(s), over a specified claim period or per job order.	Trueblood Logging has correctly determined the FSC Pure claim for logs harvested from the IN State DoF forests.	<input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

8. Percentage system		Is the percentage system used to determine FSC claims?	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)	
<p>Eligibility: The percentage system can be used for FSC Mixed and FSC Recycled product groups. It is not applicable for trading activities related to finished products and can only be applied on the level of a single, physical (storage, distribution, manufacturing, etc.) site.</p>			
8.1 Specification of claim periods or job orders			
8.1.1 For each product group, the organization has specified whether claim periods or job orders will be used to determine a single FSC percentage claim.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
8.2 Determination of FSC and post-consumer input			
8.2.1 - 8.3.1 The organization correctly determines the FSC claim for outputs based on the material category and percentage claim or credit claim of the inputs, as stated on supplier invoices, over specified claim periods or per job order, using the formula specified in 8.3.1 of FSC-STD-40-004 V2-0.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
8.3.2 FSC claims based on rolling average calculations are only made once the specified number of previous claim periods has been completed since the setup of the product group.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A	
8.3.3 The time period over which the input percentage is calculated does not exceed 12 months, unless approved by SCS.		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs	
9. Credit system		Is this system used to determine FSC claims?	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Skip this section)	
<p>Eligibility: The credit system can be used for FSC Mixed and FSC Recycled product groups. It is neither applicable for print processes nor for trading activities related to finished products. The credit system shall only be applied on the level of a single, physical site.</p>			
Description of credit account:			
9.1 Specification of claim periods			

<p>9.1.1 For each product group, the organization maintains an FSC credit account with specified claim periods of up to 3 months according to which additions and deductions of FSC credits are recorded.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.2 Determination of FSC and post-consumer input</p>		
<p>9.2.1 The organization determines the quantities of FSC and post-consumer inputs for FSC Mixed and/or FSC Recycled inputs using the percentage claim or credit claim stated on the supplier invoice. NOTE: Material supplied with a credit claim counts as 100% FSC Mixed or 100% post-consumer reclaimed input.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.3 Adding FSC credit to the credit account</p>		
<p>9.3.1 The organization applies the conversion factor(s) specified for each component of the product group when adding converted quantities (volume or weight) of FSC and/or post-consumer inputs as FSC credit to their FSC credit account.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.3.2 The organization adds FSC credit to the credit account <u>only</u> after the organization has gained legal ownership and the material category has been verified, and before the material enters the production process.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.4 Withdrawing FSC credit from the credit account</p>		
<p>9.4.1 organization deducts the appropriate quantity of credits from the corresponding product group credit account when material is sold and/or labeled as FSC Mixed or FSC Recycled. (Ref also 11.3.3)</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>9.5 Credit account management</p>		
<p>9.5.1 The organization ensures that the FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>9.5.2 The organization ensures that any FSC credit that exceeds the sum of new FSC credit added during the previous 12 months is deducted at the beginning of each new claim period from the credit account. NOTE: The organization shall not accumulate more FSC credit in the credit account than the sum of new FSC credit that has been added during the previous 12 months.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
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PART III: Labeling and FSC Trademarks

11 Eligibility for Labeling
FSC Trademarks: FSC labels, FSC tick-mark-and-tree logo, initials 'FSC' and full name 'Forest Stewardship Council'
 Refer to FSC-STD-40-004 for labeling thresholds (and Transitory Requirements where applicable)

10. General labeling requirements

<p>10.1 Application of FSC labels</p>	<input checked="" type="checkbox"/> N/A, does not label FSC products	
<p>Authorization to use the FSC Trademarks has been granted by SCS; FSC-STD-40-201 V2-0, 1.5 (labels) FSC-TMK-50-201 V1-0, 2.3 (promotional use) FSC-STD-50-001 V1-1, 1.10 (new standard)</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>10.1.1 When applying an FSC on-product label the organization ensures that:</p> <p>a) Products are only labeled if they comply with the applicable labeling requirements of FSC-STD-40-004 V2-0;</p> <p>b) Products are labeled in compliance with FSC on-product labeling requirements FSC-STD-40-201 V2-0 or FSC-STD-50-001 V1-1);</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-40-201 V2-0, 1.2; FSC-STD-50-001 V1-1, 1.9</i> Projects carrying an FSC label are included in the organization's certified product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.1 labeled products are always sold with the corresponding FSC claim on their sales and transport documentation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p><i>FSC-STD-50-001 V1-1, 2.6; FSC-STD-40-201 V2-0 1.11</i> Marks of other forest certification schemes are not used on products carrying the FSC on-product label.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>6.2.2 Marks of other forest certification schemes are not used on products sold with FSC claims</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>Promotional Use of the FSC Trademarks (off-product) FSC-STD-50-001 V1-1 and FSC-TMK-50-201 V1-0 <input checked="" type="checkbox"/> N/A, this site does not use FSC Trademarks in promotions</p>		
<p>Describe where/how the organization uses the FSC trademarks for promotion:</p>		
<p><i>FSC-TMK-50-201 V1-0, 12.3; FSC-STD-50-001 V1-1, 7.5</i> Invoice, delivery document or similar document templates containing FSC trademarks that may be used for FSC and non-FSC products include a visible disclaimer stating “only the products that are identified as such on this document are FSC certified”.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 1.9; FSC-STD-50-001 V1-1, 1.9; FSC-STD-40-004 V2-0, 8.5.1</i> All products being promoted with the FSC trademarks are in compliance with FSC standards, are eligible for the FSC label in accordance with the minimum FSC requirements for labeling, and are included in the organization’s product group list.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 2; FSC-TMK-50-201 V1-0, 1.10 & 7.2</i> FSC trademarks are clearly linked to the FSC certified products that are being promoted.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-STD-50-001 V1-1, 4.4; FSC-TMK-50-201 V1-0, 1.12</i> Claims regarding qualities outside the control of FSC (such as other environmental attributes of the product) shall be clearly separated from text about FSC.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A

<p><i>FSC-STD-50-001 V1-1, 7.5</i>; The FSC trademarks are not used on business cards to promote the organization's certification. NOTE: If the paper is FSC certified an on-product label may be printed on the card by the certified printer as per product labeling requirements.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 12.2; FSC-STD-50-001 V1-1, 7.3</i> FSC trademarks are not used at the top of document templates such as letterheads, sales documents and emails.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p><i>FSC-TMK-50-201 V1-0, 14.1; FSC-STD-50-001 V1-1, 1.7</i> The organization does not make claims about forthcoming extensions of the scope of their FSC certificate or new applications for FSC certificates.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A
<p><i>FSC-TMK-50-201 V1-0, 2.3; FSC-STD-50-001 V1-1, 1.16</i> All promotional uses of the FSC trademarks have been submitted to SCS for approval.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<h2 style="text-align: center;">PART IV: Supplementary Requirements</h2>	
<p>12. Outsourcing NOTE: Organizations that outsource work on a flexible basis to any one of a number of potential contractors may apply for inclusion of the outsourced process within the scope of their FSC Chain of Custody certificate.</p> <p style="text-align: right;"><input checked="" type="checkbox"/> N/A, does not outsource processing of FSC products</p>	
<p>12.1 Pre-conditions for outsourcing</p>	
<p>Describe the outsourced processing activity(ies) including which FSC material/product is affected:</p>	

<p>12.1.1 For the organization to include outsourcing within the scope of their FSC Chain of Custody all of the following conditions must be met:</p>		
<p>a) The organization has legal ownership of <u>all</u> input material to be included in outsourced processes; and</p> <p>b) The organization does not relinquish legal ownership of the materials during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c1) The organization has an agreement or contract covering the outsourced process with each contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>c2) This agreement or contract includes a clause reserving the right of SCS to audit the outsourcing contractor or operation;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.2 Maintaining traceability and paper trails <input type="checkbox"/> N/A (all contractors are FSC certified) (skip section 12.2)</p>		
<p>d) The organization has a documented control system with explicit procedures for the outsourced process that are shared with the relevant contractor.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.2.1 The organization's control system for the outsourced process ensures that:</p> <p>a) the material used for the production of FSC-certified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>b) the contractor keeps records of inputs, outputs and delivery documentation associated with all FSC-certified material which is processed or produced under the outsourcing contract or agreement.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.3 Records</p>		
<p>12.3.1 The organization has an up-to-date record of the names and contact details of all contractors used for the processing or production of FSC-certified materials.</p>	<p><i>Complete section 2C of Summary Report</i></p>	<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs

<p>12.3.2 The organization provides SCS with the name and contact details of any new contractor used for the processing or production of FSC-certified materials prior to outsourcing.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.4 Invoicing</p>		
<p>12.4.1 The final invoice is issued by the organization, not the contractor, for the processed or produced FSC-certified material following outsourcing. NOTE: If the organization has not issued the final invoice for the processed or produced FSC-certified material following completion of outsourced processing, then the material cannot be sold with FSC claims.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs
<p>12.5 Labeling</p>		
<p>12.5.1 The organization ensures that the contractor only uses FSC labels on products covered by the scope of the outsourcing agreement, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.6 Promotion</p>		
<p>12.6.1 The organization ensures that the contractor does not use the FSC Trademarks for promotional use, unless the contractor is itself FSC Chain of Custody certified and is making such claims in relation to products covered by the scope of its own certificate (<i>FSC-ADV-40-017 V1-1, 2.2</i>).</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)
<p>12.7 Preclusion of subcontracting</p>		
<p>12.7.1 The organization ensures that contractors processing of FSC certified material/product do not themselves outsource processing of their FSC certified material/product.</p>		<input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A (certified)

<p>13. Minor components In justified cases the organization may use inputs that cannot be positively identified as eligible input in order to manufacture minor components of FSC Pure or FSC Mixed assembled products.</p>		
<p><input checked="" type="checkbox"/> N/A, does not use minor components in FSC products (Skip this section)</p>		
<p>13.1 Specification and volume control</p>		
<p>13.1.1 The organization has specified minor components that can be exempt from the requirements for Chain of Custody control and labeling for their FSC Pure or FSC Mixed product groups, and NOT any FSC recycled product groups.</p>	<p><i>Complete section 2E of Summary Report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.2 The organization does not include the following components as minor components in their FSC product groups: a) Solid wood veneer used as visible face veneer on top of other materials; b) Components made from species listed in CITES₂₃ Appendices I, II or III.</p>		<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.1.3 The organization has demonstrated that the quantity of material entering minor components which have been identified as exempt from requirements for Chain of Custody control and labeling is less than 5% of the weight or volume of the virgin and reclaimed materials in the product.</p>	<p><i>Submit calculations with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2 Rationale and action plan</p>		
<p>13.2.1 For minor components up to 1% of the volume or weight of the virgin and reclaimed materials in the product, the organization has an accurate and up-to-date written justification why the material for the specified components could not be sourced from FSC-certified, controlled or reclaimed material.</p>	<p>See section 2E of Summary Report</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>13.2.2 For minor components between 1% and 5% of the volume or weight of the virgin and reclaimed materials in the product, the organization has a valid derogation approved by FSC or SCS.</p>	<p><i>Submit any new applications with report</i></p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A, <1%</p>

Progress in implementing stipulated action plan from approved derogation application:	<input type="checkbox"/> N/A, minor component is <1%
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**SCS Supplemental Report for Company Evaluation of FSC Controlled Wood
FSC-STD-40-005 version 2-1**

Certificate Holder:	Indiana Department of Natural Resources-Division of Forestry
Site:	Trueblood Logging, FSC-SCS-CW-002041AP
Audit for the Year:	2011
Auditor:	Frank S. Judd
Date of audit:	11 May 2011

C – conformance NC – non-conformance C w/Obs – conformance with observation
 N/A – requirement not applicable

<p align="center">Controlled Wood System Overview</p>	
Description of system by which company monitors purchases of non-FSC certified wood included in company's program of verification:	<p>The Indiana DNR-Division of Forestry (DOF) is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of certain of the individual members' certifications. The DOF has conducted, submitted, and received approval form SCS for its CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Trueblood Logging must demonstrate to the forest level of the district of origin that all wood, that is purchased and assessed as FSC Controlled Wood by Trueblood Logging, is within in the area included in the RA.</p>
<p align="center">Part 1: Quality System Requirements</p>	
<p>1. Company Policy</p>	

<p>1.1 The company has a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber from the 5 categories of wood considered unacceptable to be mixed with FSC certified wood:</p> <p>a) Illegally harvested wood;</p> <p>b) Wood harvested in violation of traditional and civil rights;</p> <p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p> <p>d) Wood harvested in forests being converted to plantations or non-forest use;</p> <p>e) Wood from forests in which genetically modified trees are planted.</p>	<table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> <tr> <td><input type="checkbox"/></td> <td>N/A, no program of verification, buys FSC Controlled Wood</td> </tr> </table> <p>Ref. At. 2, Group Entity procedures, section V, Controlled Wood. The public policy is included on the IN DoF website. Trueblood Logging accepted a corresponding publicly available policy, and is included in the IN DOF folder for Trueblood Logging.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<input type="checkbox"/>	N/A, no program of verification, buys FSC Controlled Wood								
<p>2. Procedures</p>									
<p>2.1 The company has procedures and/or work instructions covering all the applicable elements specified in this standard.</p>	<p>Summary of procedures: Ref. At. 2, Procedures for the Indiana State DNR, Div. of Forestry Group certification; Part V, Controlled Wood Procedures.</p> <p>Trueblood Logging has adopted and uses the IN DOF group member CW procedures.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<p>2.2 The company has identified the person (or position) responsible for implementing each procedure and/or work instruction.</p>	<p>Ref. At. 2, DNR, DOF Group Entity procedures; V2 Controlled Wood Procedures. The Group Entity procedures require that: responsibilities are assigned through the use of a template, Appendix B-1, with accompanying procedures. Trueblood Logging has assigned Billy Trueblood, owner, to fulfill the responsibilities for this group member.</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								
<p>3. Training</p>									
<p>3.1 The company has specified training requirements for all relevant staff, as required to implement the requirements of this standard.</p>	<p>Ref. At. 2, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training. Training of all relevant staff is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/></td> <td>C</td> </tr> <tr> <td><input type="checkbox"/></td> <td>NC</td> </tr> <tr> <td><input type="checkbox"/></td> <td>C w/Obs</td> </tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
<input checked="" type="checkbox"/>	C								
<input type="checkbox"/>	NC								
<input type="checkbox"/>	C w/Obs								

	<p>audits by the In DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>Trueblood Logging has adopted the required training programs. Billy Trueblood did evidence that he had received the appropriate training.</p>	
<p>3.2 Training has been provided to all staff as specified and as appropriate.</p>	<p>In the interview of Carl Hauser for this audit, it was confirmed that training is provided on a continuous basis to all group members, and the several DoF staff members that support the Group certification. Also ref. At. 1, DNR DoF procedures 1.3; and Part V, V3 Controlled Wood Training.</p> <p>Training of all relevant Trueblood Logging personnel is required by the Group Entity as part of the implementation of this standard. All training is audited as part of annual Group Member audits by the IN DoF, Group Entity, and as audited by this FSC Certification Body according to sampling guidelines in FSC CoC 40-004 V2.</p> <p>The audit interview with Billy Trueblood confirmed that he has received appropriate training.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>3.3 The company keeps records of the training provided to staff in relation to implementation of this standard.</p>	<p>Records for training conducted by the Group Entity are on file with Carl Hauser. Trueblood Logging had current training records available for this site audit dated August 15, 2010.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>4. Records</p>		
<p>4.1 The company maintains records that demonstrate compliance with the applicable requirements of this standard. Records are retained for a minimum of 5 years.</p>	<p>The Indiana DNR DoF does maintain records of all applicable requirements as necessary to organize and administer the Group. This does include audits of all Group members annually. Trueblood Logging, as a group member, does comply with this clause, and retains all records for five years; as confirmed with Mr. Trueblood during course of the audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

Part 2: FSC Controlled Wood Supply requirements

5. Supplier Identification

<p>5.2 The company maintains an up to date list of all its suppliers of wood or wood products included in the company's FSC Controlled Wood Verification Program. For each supplier the company records:</p> <p>v) the name and address of the supplier;</p> <p>w) description of the wood supplied;</p> <p>x) the species and volume of wood supplied and the relevant purchasing documentation.</p>	<p>Ref. At. 1, DNR DoF Group Procedures 3, Material Sourcing, Supplier Chart and V5, Supplier Identification, and Annex B-3, Supplier Chart. Individual Group members are required to maintain individual listings of their CW suppliers.</p> <p><u>Trueblood Logging does have records (but not a list of suppliers) of its purchases of timber it has assessed as FSC Controlled Wood. A listed description with the species and volume of the timber purchased from these suppliers (forest tract owners) was not available for this audit.</u></p> <p>Complete in main report or submit separately</p>	<p><input type="checkbox"/> C <input checked="" type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
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7. FSC Controlled Wood inputs from suppliers certified to Trade in FSC Controlled Wood

<p>7.1 For FSC Controlled Wood supplies the company ensures that:</p> <p>zz) all wood supplied as FSC Controlled Wood is clearly identifiable as such;</p> <p>aaa) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly links the invoice to the products supplied.</p> <p>bbb) the transport documentation and invoices issued for the material quote the supplying company's FSC Controlled Wood certificate code.</p>	<p>Ref. At. 1 DoF Group Procedures Material Sourcing, 3.2 Supplier Validation material identification; and Part V, Controlled Wood, V5, V6, and V7. The Indiana DoF Group procedures specify and require that all wood from FSC Controlled Wood suppliers is properly specified and controlled. Group members included in this CW program must comply with this clause as an individual group member.</p> <p>Trueblood Logging has not purchased FSC Controlled Wood from a supplier certified to trade in FSC Controlled Wood.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>7.2 The company has verified that each of its suppliers of FSC Controlled Wood holds a valid FSC Controlled Wood certificate (http://info.fsc.org).</p>	<p>Ref. IN DoF Group Procedures, 3.2 Materials Sourcing and Supplier chart, and Part V Controlled Wood V5, requires that all suppliers of FSC Controlled Wood are verified and hold a valid FSC Controlled Wood certificate.</p> <p>Trueblood Logging had not purchased any Controlled Wood from a certified supplier of</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>

	FSC Controlled Wood.									
8. Non-FSC certified material to be verified by the Company as FSC Controlled Wood										
<p><i>FSC-STD-20-011 V1-1, 6.1</i> Describe the system by which the company monitors its purchases of non-FSC certified wood from suppliers whom it wants to include in its company verification program of 'FSC Controlled Wood'.</p>	<p>The DOF is the Group Entity for the Indiana small Group certification. The DOF has established written procedures for each member, opting to include Controlled Wood within the scope of the individual members certification. The DOF has conducted, submitted, and received approval form SCS for it CW Risk Assessment (RA). The DOF is responsible to keep the RA up-to-date. The DOF annually audits all group members for compliance to all applicable standards, including CW.</p> <p>Trueblood Logging must demonstrate to the forest level of the district of origin, that all wood purchased and assessed by it, as FSC Controlled Wood, is within the area included in the RA. All FSC Controlled Wood is purchased directly from forestland owners. The specific forest track is identified on contracts or the sale agreement.</p>									
<p>8.1 For non-certified wood to be verified by the company as FSC Controlled Wood, the company has:</p> <ul style="list-style-type: none"> v) determined and kept records of country and district of origin, to the forest level*, of wood supplied; w) ensured that the documentation required to demonstrate the district of origin (to the forest level) of the wood supplied is maintained. (This should include legally required transport documents and proof of purchase from the forest management unit of origin.); and x) specified and implemented a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood. <p>* <i>FSC-DIR-40-005, ADVICE-40-005-04</i></p>	<p>Ref. At. 1, Part V Controlled Wood V8. All purchases of non-certified wood are to be verified for district of origin, forest level and records are to be kept with that information. The IN DoF has created forms and requires the use of these forms for demonstrating the forest level of origin for all purchases on non-certified wood entering the Group FSC chain of custody as FSC Controlled Wood. Appendix B-13 Declaration of Forest of Origin.</p> <ul style="list-style-type: none"> s) Trueblood Logging exclusively purchases standing timber under contract with the forestland owner or authorized individual or government agency. t) It has those contracts retained in its files. u) N/A Billy Trueblood conducts the actual logging operation, and, in effect, audits all CW purchases personally. <p style="text-align: center;">Submit sample of documentation proving forest of origin with report.</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>NC</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>N/A</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A
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<p><i>FSC-DIR-40-005, ADVICE-40-005-04</i> For suppliers of non-FSC certified material to be verified as FSC Controlled Wood that are located in countries with a CPI less than 5,</p>	<p>All wood included in this Risk Assessment is located in the United States.</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>C</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>NC</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td>N/A</td></tr> </table>	<input type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input checked="" type="checkbox"/>	N/A
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<p>the company has conducted a plausibility test of the information collected to demonstrate district of origin as per clause 8.1 above. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc. If the result from the plausibility test is negative, the material should not be used as controlled material input.</p>		
<p>10. Species listed on CITES</p>		
<p>10.1 The company has procedures to verify that all supplies of wood from any species listed in Annex 1, 2 or 3 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are accompanied by the applicable licenses and/or export permits, irrespective of whether the supplier is FSC certified or not.</p>	<p>N/A no imported wood is included in this Risk Assessment of the Product Group List applicable to the FSC CoC group certification.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>Part 3: Risk assessment and verification program This part of <i>FSC-STD-40-005</i> is applicable to companies that buy non FSC-certified wood or fiber from suppliers and wish to develop and implement their own FSC Controlled Wood verification program.</p>	<p><input type="checkbox"/> N/A, not purchasing non FSC-certified wood for FSC products</p>	
<p>11. Risk Assessment for non-certified wood</p>		
<p>Describe the system by which the company assessed the level of risk of their suppliers.</p> <p>Submit completed risk assessments with report including:</p> <ul style="list-style-type: none"> v) District of the assessment; w) risk level with justification per Controlled Wood category; x) sources of information 	<p>The DOF requires that each Group member that assesses inputs as CW can provide documentation to the forest level of the district of origin; this has been interpreted to provide documentation down to the county level, at a minimum. The Risk Level has been determined to be "Low Risk" for all five categories. Information is provided to Trueblood Logging by direct logging contracts with landowners The current RA is attached. <u>Company risk assessment(s) must be submitted with this report</u></p>	
<p>11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company has determined if the district of origin is a confirmed low risk area for unacceptable sources</p>	<p>The DOF has confirmed that all Group members' sourcing of wood is from a district or origin confirmed as low risk for unacceptable sources as defined in Annex 2 of FSC –STD-40-005 V2-1. Suppliers of wood assessed as FSC</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of FSC-STD-40-005 V2-1.</p>	<p>Controlled Wood are all within the district(s) of origin included within the IN DoF RA.</p> <p>All of Trueblood Logging sources are local Indiana forest tracts. The company has signed agreements for each purchase that identifies the specific location. The contract package includes maps and accurate site descriptions.</p>									
<p><i>FSC-DIR-40-005, ADVICE-40-005-07</i> The company reviews their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</p>	<p>As established with Carl Hauser during the Group Entity audits, it was confirmed that the DOF RA is reviewed annually in conjunction with the DOF staff. No significant changes in the risk profile have become evident in any of the districts of origin included in the RA. This is the responsibility of the Group Entity, not the individual Group Member.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A, evaluation</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, evaluation
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<p><i>FSC-DIR-40-005, ADVICE-40-005-09</i> For countries/regions where an FSC accredited National Initiative has published guidance or an approved risk designation the company has aligned their controlled wood verification programs to the guidance or approved risk designation within 12 months of the approval date.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> <tr><td><input type="checkbox"/></td><td>N/A, no guidance or risk designations for company's district of origin</td></tr> </table> <p>The RA developed by the DOF is in line with the risk designations as provided b the US FSC national initiative.</p>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs	<input type="checkbox"/>	N/A, no guidance or risk designations for company's district of origin	
<input checked="" type="checkbox"/>	C									
<input type="checkbox"/>	NC									
<input type="checkbox"/>	C w/Obs									
<input type="checkbox"/>	N/A, no guidance or risk designations for company's district of origin									
<p><i>FSC-DIR-40-005, ADVICE-40-005-06</i> In order to include a new district in its controlled wood verification program the company shall first submit the respective risk assessment to SCS and wait for approval prior to using materials from these districts in FSC product groups.</p>	<p>The DOF has submitted a new RA to SCS for the inclusion of portions of the states of Washington and Oregon. It did receive approval for these districts prior to including any of the wood from the districts, alder.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>11.2 The company has provided SCS with a copy of their risk assessment(s) to be made publicly available on www.info.fsc.org, which include(s) all of the following: xx) Name and address of SCS (can be completed by SCS)* yy) Date of the risk assessment zz) Date of review by SCS</p>	<p>Risk assessments have been previously submitted to SCS, and are current and available on www.info.fsc.org. Current risk assessments are included on the IN DoF CD attachment under Controlled Wood.</p>	<table border="0"> <tr><td><input checked="" type="checkbox"/></td><td>C</td></tr> <tr><td><input type="checkbox"/></td><td>NC</td></tr> <tr><td><input type="checkbox"/></td><td>C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs		
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<p>(completed by SCS)*</p> <p>aaa) Names of district(s) for which the risk assessment has been conducted</p> <p>bbb) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSCSTD-40-005 V2-1 Annex 2) for each of the districts</p> <p>ccc) Brief justification for each of the controlled wood categories considered low risk</p> <p>ddd) Listing of sources of information used to assess the indicators</p> <p><i>* FSC-DIR-40-005, ADVICE-40-005-07</i></p>		
<p>12.1 Wood coming from districts that the company has confirmed are low risk for <u>all</u> of the 5 FSC Controlled Wood categories may be treated by the company as FSC Controlled Wood.</p>		
<p>13. Verification program for wood from Districts of unspecified risk</p> <p>11.3 If the company is not able to confirm that a district is low risk for one or more of the 5 categories, the district must be classified as 'unspecified risk' for the applicable category(ies). (Complete this section below)</p> <p><input checked="" type="checkbox"/> N/A, no unspecified risk categories / Districts of Origin</p>		
<p>13.1 For all wood from districts that cannot be confirmed as being low risk for one or more of the 5 categories of FSC Controlled Wood, the company has implemented a Company Verification Program to confirm that the forest management unit(s) complies with the requirements specified in Annex 3 of FSC-STD-40-005. (Complete a Company Verification Program Checklist)</p> <p>*The company can choose to implement the verification program on its own, or authorize another organization to do it.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.2 The results of the field evaluations of the company verification program are available to SCS on request, including specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p> <p><input type="checkbox"/> C w/Obs</p>
<p>13.3 Where guidance and/or interpretation is provided by the</p>		<p><input type="checkbox"/> C</p> <p><input type="checkbox"/> NC</p>

<p>FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, in relation to wood supply from sources that cannot be confirmed as being low risk, this guidance and/or interpretation has been used by the company.</p>		<p><input type="checkbox"/> C w/Obs <input type="checkbox"/> N/A</p>
<p>14. Complaints Mechanism</p>		
<p>14.1 The Company has a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, including, as a minimum: a) assessment of the evidence provided in the complaint within 2 weeks of its receipt; b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt; c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found; d) procedures to ensure that a supplier is only able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements; e) records of all complaints received and actions taken.</p>	<p>IN DoF has a thorough and comprehensive complaints mechanism as included in the Group member procedures Part V Controlled Wood, V14. All complaints are addressed within 2 weeks, field verification is specified, exclusion procedures are addressed, limitation for suppliers with prior non-compliances are included, and record keeping of all complaints and actions is required for a length of five years.</p> <p>As a Group Member, these procedures are included in the Trueblood Logging CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.2 The Company has procedures to inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non-compliance with FSC Controlled Wood requirements in areas considered as low risk, and has implemented these procedures if appropriate.</p>	<p>Ref. Group member procedures Part V Controlled Wood, V14. IN DoF, Group Entity, will notify both the US National Initiative and SCS when any non-compliances are detected.</p> <p>As a Group Member, these procedures are included in the Trueblood Logging CW procedures, At. 2, part V.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>14.3 In the case that there are frequent non-compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company has procedures to review their risk assessment.</p>	<p>Ref. Group member procedures, Part V, V 5 Controlled Wood, V-14 3 Complaints Mechanism and Complaints Procedures. If two or more non-compliances, with the FSC Controlled Wood requirement, are discovered within one year, the DoF will review the Risk Assessment within 1</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

	<p>month of discovery.</p> <p>As a Group Member, these procedures are included in the Trueblood Logging CW procedures, At. 2, part V.</p>							
<p>Part 4: Sale of FSC Controlled Wood</p> <p>This part of <i>FSC-STD-40-005</i> is applicable to companies that wish to make sales of FSC Controlled Wood.</p> <p><input type="checkbox"/> N/A, sale of FSC Controlled Wood not included in scope of certificate</p>								
<p>15. Supplying FSC Controlled Wood</p>								
<p>15.1 The company holds a valid FSC Chain of custody certificate duly issued by SCS.</p>	<p>SCS-COC-002041AP.</p>	<table border="1" style="width: 100%;"> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td style="text-align: center;">C</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">NC</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">C w/Obs</td></tr> </table>	<input checked="" type="checkbox"/>	C	<input type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<p>15.2 The company includes the following information on all invoices issued for sales of its FSC Controlled Wood products:</p> <p>qq) the name and address of the buyer;</p> <p>rr) the date on which the invoice was issued;</p> <p>ss) description of the product;</p> <p>tt) the quantity of the product sold;</p> <p>uu) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;</p> <p>wv) The FSC Controlled Wood code issued by SCS.</p>	<p>The Group Entity, Indiana DNR, Division of Forestry requires the specified information in clause 15.1, a)-f) be included in all sales of controlled wood. Ref. attached procedures.</p> <p><u>Based on the interview with Mr. Trueblood during the conduct of this audit, the Company has sold FSC Controlled Wood to Adkins Sawmill. No documentation has been issued by Trueblood Logging for FSC Controlled Wood.</u></p> <p>The sale of Controlled Wood is included on the Trueblood Logging product group list.</p>	<table border="1" style="width: 100%;"> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">C</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td style="text-align: center;">NC</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">C w/Obs</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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<p>15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood include a clear product description "FSC Controlled Wood" for all applicable products.</p>	<p>Ref. Group member procedures, Part V Controlled Wood, V 15. Group members must include FSC Controlled Wood on all invoices and transportation documents issued.</p> <p>Trueblood Logging had not documented the sale of any FSC Controlled Wood to the date of this audit. <u>It did not have available for this audit an example of an invoice or shipping document for FSC Controlled Wood.</u></p> <p><u>See non-conformance for clause 15.2.</u></p>	<table border="1" style="width: 100%;"> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">C</td></tr> <tr><td style="text-align: center;"><input checked="" type="checkbox"/></td><td style="text-align: center;">NC</td></tr> <tr><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;">C w/Obs</td></tr> </table>	<input type="checkbox"/>	C	<input checked="" type="checkbox"/>	NC	<input type="checkbox"/>	C w/Obs
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Annex 4: Provisions for claims related to FSC Controlled Wood

This part of FSC-STD-40-005 is applicable to companies that wish to make sales of FSC Controlled Wood.

N/A, sale of FSC Controlled Wood not included in scope of certificate

<p><i>FSC-STD-20-011 V1-1, 8.1</i> Brief description of the company's use of the statement 'FSC Controlled Wood' in segregation marks, sales and transport documentation.</p>	<p>The group entity requires that the statement "FSC Controlled Wood" is to be used on sales and transportation documentation, At. 2, Part V, V 15 for all applicable transactions of FSC Controlled Wood. "FSC Controlled Wood" is not used by Trueblood Logging in segregation marks.</p>	
<p>1.1 The company does not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.</p>	<p>No use of the statement "FSC Controlled Wood" appears on any on-product labeling or off product labeling, advertising, or reporting of any participating group member audited during the conduct of this annual surveillance. This includes Trueblood Logging, as observed during this company's site audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' in segregation marks during manufacturing or transportation processes or storage, without any references to the FSC trademarks. If the company uses the statement "Controlled Wood" in segregation marks during manufacturing or transportation processes or storage, these segregation marks are always accompanied by the FSC Controlled Wood code issued by SCS and these segregation marks are removed or deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.</p>	<p>The statement "Controlled Wood" or "FSC Controlled Wood" is not used in segregation marks by Trueblood Logging.</p>	<p><input type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs <input checked="" type="checkbox"/> N/A</p>
<p>1.4 The company makes FSC Controlled Wood sales only to companies with a valid FSC chain of custody code.</p>	<p>The Group Entity specifies in At. 2, V15 that sales of Controlled Wood are made and documented only to companies with valid FSC CoC code. Trueblood Logging has not documented the sale of any FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.5. The statement "FSC Controlled Wood" shall be written in the English language in sales and shipping documentation. Any translation to other languages can</p>	<p>The IN DoF, Group Entity, and all group members document all transactions in English only. All references in At. 1 and At. 2 are in English. All documentation reviewed during the conduct of this</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>

<p>be included in the respective documentation.</p>	<p>annual at Trueblood Logging surveillance was in English.</p>	
<p>1.6 The company does not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.</p>	<p>Ref. At. 2, V 16, group members are not permitted to promote "FSC Controlled Wood". The Group Entity does not use or promote "FSC Controlled Wood" on its website or other communications outside of the group membership.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.7 When supplying FSC Controlled Wood the company clearly links the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that when selling FSC Controlled Wood, the "FSC Controlled Wood" statement is to be clearly linked to the specific items sold. This was confirmed in internal DoF audits of the group members during the 2011 annual group surveillance. Trueblood Logging is aware of this requirement. At the time of this site audit, Trueblood Logging had not documented the sale of any FSC Controlled Wood.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.8 The statement 'FSC Controlled Wood' in sales and shipping documentation is always accompanied by FSC Controlled Wood code issued by SCS.</p>	<p>Ref. At. 2, V 15. The Group Entity requires that sales and transportation documents always include the FSC Controlled Wood code issued to the IN DoF. No documentation of this type has been issued by Trueblood Logging up to the date of this audit.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.10 FSC chain of custody or forest management certificate registration codes are not used in association with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.</p>	<p>The SCS Forest Management certificates issued to the State of Indiana are not used in conjunction with or in association with product sold by group members selling "FSC Controlled Wood".</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>
<p>1.9 The company does not use any FSC trademarks in association with products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.</p>	<p>The IN DoF group members must have all uses of FSC trademarks approved by SCS through the IN DOF, Group Entity. No use of FSC trademarks in conjunction with FSC Controlled Wood was detected during the site audits of group members, to include Trueblood Logging, in this 2011 annual surveillance.</p>	<p><input checked="" type="checkbox"/> C <input type="checkbox"/> NC <input type="checkbox"/> C w/Obs</p>