

Appendix II



Seven Islands Land Company 2014 SFI Summary Re-Certification Audit Report

The SFI Program of the Pingree Associates Lands Managed by Seven Islands Land Company has demonstrated continuing conformance with the Sustainable Forestry Initiative Standard®, 2010-2014 Edition (SFIS), according to the NSF-ISR SFIS Certification Audit Process.

Pingree Lands were initially certified to the SFIS in 1999 and recertified on December 21, 2002. The certification was transferred to NSF in 2006. Annual surveillance or recertification audits have occurred since. This report describes the Re-Certification Audit to the SFI Standard 2010-2014.

Seven Islands Land Company manages 775,779 acres of Pingree family lands located in northern Maine. These lands consist of northern hardwoods and spruce-fir forests within the Acadian forest region of northwestern Maine. Stands are managed using uneven-aged or shelter wood silvicultural methods, and nearly all are regenerated naturally (without planting). The lands are open to the public for recreation, with a portion within the North Maine Woods system of private logging roads open to the public for a small fee. Seven Islands Land Company's SFI Program is managed by Christopher Nichols, Vice President and SFI program is managed by Nick J. Baser, Chief Area Forester.

The Re-Certification audit was performed by NSF-ISR on September 22-25 by an audit team headed by Mike Ferrucci, NSF Lead Auditor assisted by SCS FSC Lead Auditor Anne Marie Kittridge. Audit team members fulfill the qualification criteria for conducting SFIS Certification Audits of "Section 9. SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation" contained in Requirements for the SFI 2010-2014 Program: Standards, Rules for Label Use, Procedures, and Guidance.

The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition.

The scope of the SFIS Audit The sustainable forestry program of Pingree Associates, Lands Managed by Seven Islands Land Company, including management of 775,779 acres of forestland in Maine Objectives 1-7; 14-17 and 19-20. Forest practices that were the focus of field inspections included those that have been conducted in three of four field units: Rangeley, Ashland West, and Ashland East. In addition, the full set of SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were reexamined during the audit. Use of the SFI logo and the requirement to provide a public audit reports were also reviewed.

None of the indicators were modified. Several of the SFI Performance Measures were outside of the scope of the company's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Indicator 3.2.5 applies only if there are no BMPs available;
- Indicator 4.1.8 for prescribed fire is not applicable because fire-dependent types are not included on the lands within the scope;
- Performance Measures 8, 9, 10,11,12,13 apply only to procurement from sources outside the United States and Canada; and
- Performance Measures 17 & 18 apply only to Program Participants with forest management responsibilities on public lands, involving public planning and conferring with affected indigenous people.

SFIS Re-Certification Audit Process

The review was governed by a detailed audit protocol designed to enable the audit team determine conformance with the applicable SFI requirements. The process included the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. Documents describing these activities were provided to the auditor in advance, and a sample of the available audit evidence was designated by the auditor for review.

During the audit NSF-ISR reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. The auditors selected field sites based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF-ISR SFI-SOP. NSF-ISR also selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings for specific SFI requirements included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS. Re-Certification Audits generally focus on conformance issues and do not generally address exceptional practices.

Overview of Audit Findings

Seven Islands Land Company's SFI Program was found to be in overall conformance with the SFIS Standard. The NSF-ISR SFI Certification Audit Process determined that there were 2 new minor non-conformances and 4 exceptional practices that are described below:

2 Minor Non-conformances:

SFI Indicator 2.3.3 requires the following: "Use of erosion control measures to minimize the loss of soil and site productivity." Minor Non-Conformance 2014-01: On one site reviewed during the field audit water bars were not installed as needed to control erosion.

SFI Indicator 20.1.3 requires the following: "Annual review of progress by management and determination of changes and improvements necessary to

continually improve conformance to the SFI 2010-2014 Standard.” Minor Non-conformance 2014-02: Annual review of the program has not covered the breadth of the SFI requirements sufficiently.

The organization has developed plans to address these new issues. Continued progress in implementing the remaining open corrective action plans will be reviewed in subsequent surveillance audits.

Update on Findings from 2013 (Opportunities for Improvement):

The NSF-ISR Audit team reviewed three previous Opportunities for Improvement:

OFI-KY-SA-2013 Objective 2 PM 2.1.3: Clear Criteria to judge adequate regeneration and appropriate actions to correct understocked areas and achieve acceptable species composition and stocking rates for both planting and natural regeneration. Encourage the organization to consider clear monitoring criteria to judge adequate planting stock regeneration in St. Pamphile planting site visited.

2014 Review: Conformance

OFI-KY-SA-2013 Objective 3.1 PM 3.1.3: Plans that address wet-weather events (e.g. forest inventory systems, wet-weather tracts, definitions of acceptable operating conditions).

Encourage the organization to consider a written guidance/program to address wet and adverse weather conditions as it relates to harvesting operations.

2014 Review: Conformance

OFI KY-SA-2013 Objective 20 PM 20.1.2/20.1.3: System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI 2010-2014 Standard objectives and performance measures. Central -site: Provide all the sites with information and guidance needed for effective implementation and maintenance of practices and procedures in accordance with the relevant standard and improved system as it relates to PEP program and management review. Encourage the organization to consider during annual review of internal information/procedures to up-date these documents as it relates to the PEP form being implemented and provide this up-dated procedure to all the field offices.

2014 Review: Conformance for 20.1.2; Minor Non-Conformance for 20.1.3

These findings do not indicate a current deficiency, but served to alert Seven Islands Land Company to areas that could be strengthened or which could merit future attention.

Exceptional Practices

The audit team also commends Seven Islands Land Company for the following notable areas of achievement in its SFI and forest management program:

SFI Indicator 3.1.4 requires the following: “Monitoring of overall best management practices implementation.”

Seven Islands Land Company exceeds the standard for this requirement by implementing a robust program of harvest monitoring designed in part to improve results in the most challenging areas of operations.

SFI Performance Measure 5.4 states “Program Participants shall support and promote recreational opportunities for the public.” Seven Islands Land Company exceeds the standard for supporting and promoting recreational opportunities by allowing extensive recreational use and by having a system for leased lots providing additional opportunities.

SFI Performance Measure 17.1 states that “Program Participants shall support and promote efforts by consulting foresters, state, provincial and federal agencies, state or local groups, professional societies, conservation organizations, indigenous peoples and governments, community groups, sporting organizations, labor, universities, extension agencies, the American Tree Farm System® and/or other landowner cooperative programs to apply principles of sustainable forest management.” Seven Islands Land Company engages in an exceptional diversity of community outreach to support and promote principles of forestry while implementing the firm’s strategy of “Promoting sustainable forest management in public forums.”

SFI Performance Measure 17.2 states that “Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education and involvement related to sustainable forest management.” Seven Islands Land Company engages in an exceptional degree of public outreach, education and involvement related to sustainable forest management.

The next surveillance audit will be scheduled in late September or early October of 2015.

General Description of Evidence of Conformity

NSF’s audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI 2010-2014 Objective.

Objective 1. Forest Management Planning - To broaden the implementation of sustainable forestry by ensuring long-term forest productivity and yield based on the use of the best scientific information available.

Summary of Evidence –The forest management plan for SILC and supporting documentation and the associated inventory data and growth models were the key evidence of conformance

Objective 2. Forest Productivity - To ensure long-term forest productivity, carbon storage and conservation of forest resources through prompt reforestation, soil conservation, afforestation and other measures.

Summary of Evidence – Field observations and records associated with each timber harvest were used to confirm practices. SILC has certain programs in these areas, for protection against insects, diseases, and for careful management of activities which could potentially impact soil and long-term productivity.

Objective 3. Protection and Maintenance of Water Resources - To protect water quality in streams, lakes and other water bodies.

Summary of Evidence – Field observations of a range of sites were the key evidence. Auditors visited the portions of many field sites that were close to water resources, based on a field sample that was oriented heavily towards such sites.

Objective 4. Conservation of Biological Diversity including Forests with Exceptional Conservation Value To manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand- and landscape-level measures that promote habitat diversity and the conservation of forest plants and animals, including aquatic species.

Summary of Evidence – Field observations, written plans and policies, and regular staff involvement in conferences and workshops that cover scientific advances were the evidence used to assess the requirements involved biodiversity conservation.

Objective 5. Management of Visual Quality and Recreational Benefits - To manage the visual impact of forest operations and provide recreational opportunities for the public.

Summary of Evidence – Field observations of completed operations and policies/procedures for visual quality were assessed during the evaluation. Recreational use and esthetics were priority concerns where appropriate.

Objective 6. Protection of Special Sites - To manage lands that are ecologically, geologically, or culturally important in a manner that takes into account their unique qualities.

Summary of Evidence – Field observations of completed operations, records of special sites, training records, and written protection plans were all assessed during the evaluation.

Objective 7. Efficient Use of Forest Resources - To promote the efficient use of forest resources.

Summary of Evidence – Field observations of completed operations, contract clauses, harvest inspection reports and discussions with supervising field foresters and with loggers provided the key evidence.

Objective 14. Legal and Regulatory Compliance -

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence – Field reviews of ongoing and completed operations were the most critical evidence.

Objective 15. Forestry Research, Science, and Technology - To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence – Financial records were confirmed, and field sites were visited.

Objective 16. Training and Education -To improve the implementation of sustainable forestry practices through appropriate training and education programs.

Summary of Evidence – Training records of selected personnel, records associated with harvest sites audited, and logger and stakeholder interviews were the key evidence for this objective.

Objective 19. Communications and Public Reporting - To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence – Reports filed with SFI Inc. and the SFI Inc. website provided the key evidence.

Objective 20. Management Review and Continual Improvement - To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, and interviews with personnel from all involved levels in the organization were assessed. The SFI Team provided components of management review; minutes of meetings supplemented by interviews served to confirm compliance.

The next surveillance audit is scheduled for late September/ early October 2015.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing and harvesting of trees for useful products and ecosystem services such as the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitats, recreation, and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain long-term forest and soil productivity. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, invasive exotic plants and animals and other damaging agents and thus maintain and improve long-term forest health and productivity.

3. Protection of Water Resources

To protect water bodies and riparian zones, and to conform with best management practices to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote biological diversity, including animal and plant species, wildlife habitats, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing

To avoid wood fiber from illegally logged forests when procuring fiber outside of North America, and to avoid sourcing fiber from countries without effective social laws.

9. Legal Compliance

To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

10. Research

To support advances in sustainable forest management through forestry research, science and technology.

11. Training and Education

To improve the practice of sustainable forestry through training and education programs.

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2010-2014 Edition

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