

Certified by:



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

Contact person: Jon Jickling
jjickling@smartwood.org

Certification Audit
Performed by:

SmartWood US Office
101 E. Fifth St., Suite 208
Northfield, MN 55057
Tel: 507-663-1115
Fax: 507-663-7771

Contact person: Dave Bubser
Email: dbubser@smartwood.org



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FM-02 Aug 2006



SmartWood

Practical conservation through certified forestry

Forest Management **Certification Assessment** Report for:

Downeast Lakes Land Trust
In
Grand Lake Stream, ME, USA

Report Finalized: September 13, 2007
Assessment Date: May 16-17, 2007
Assessment Team:

Dan Pubanz, Lead Auditor & Forester
C. Reed Rossell, Jr., Ecologist

Certificate issue date: October 16, 2007
Certificate code: SW-COC-002682

Operation Contact: Mark Berry
Address: PO Box 75
Grand Lake Stream, ME 04637

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ACRONYMS

| | |
|-------|--|
| AAC | Annual Allowable Cut |
| CITES | Convention on Trade in Endangered Species |
| DLLT | Downeast Lakes Land Trust |
| FMO | Forest Management Organization |
| FMP | Forest Management Plan |
| FMU | Forest Management Unit |
| FSC | Forest Stewardship Council |
| GIS | Geographic Information System |
| HCVF | High Conservation Value Forest |
| ILO | International Labour Organization |
| MNHP | Maine Natural Heritage Program |
| MDIFW | Maine Department of Inland Fish and Wildlife |
| P&C | Principles and Criteria of the FSC |
| RTE | Rare, Threatened, or Endangered Species |
| SHPO | State Historic Preservation Office |
| THPO | Tribal Historic Preservation Office |

Standard Conversions

1 acre = 0.405 hectares
1 foot = 0.3048 Meters
1 mile = 1.60934 Kilometers

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

INTRODUCTION

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social sustainability of Downeast Lakes Land Trust (DLLT) forest management as defined by the Forest Stewardship Council.

This report contains four main sections of information and findings and several appendixes. The whole report plus appendixes I and II will become public information about the forest management operation that may be distributed by SmartWood or the Forest Stewardship Council (FSC) to interested parties. The remainder of the appendixes are confidential, to be reviewed only by authorized SmartWood and FSC staff and reviewers bound by confidentiality agreements.

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood and FSC labels for public marketing and advertising.

1. SCOPE OF THE CERTIFICATE

1.1. Scope of the certificate

All of the lands owned by DLLT, which are known as the Farm Cove Community Forest and total 27,080 acres, are included under this certificate. The Ecological Reserve (3,560 acres) is part of the Community Forest and is included under this certificate. DLLT lands are located in Sakom Township (T5 ND BPP) in Washington County, Maine.

See more detailed information about the FMO and areas covered by the certificate in Appendix II and III.

1.2. Exclusion of areas from the scope of certificate

DLLT has not excluded any land under its ownership from this certificate.

2. ASSESSMENT PROCESS

2.1. Certification Standard Used

The official standard used for the certification assessment was as follows:

Forest Stewardship Council (FSC) *Northeast (USA) Regional Forest Stewardship Standard, Version 9.0*. To obtain a copy of these guidelines, please visit the FSC US web site (at http://www.fscus.org/principles_criteria/) or contact SmartWood directly.

2.2. Assessment team and qualifications

Dan M. Pubanz: M.S. (1988) and B.S. (1985) in Forestry, University of Wisconsin-Madison. Consulting forester since 2003. Additionally, 16 years of experience in public land management with responsibility for all pre-harvest activity on a 250,000-acre landbase in Wisconsin, which was FSC-certified for 10 years. Experienced in silviculture, private and public land management issues, FMP development, and forest management planning. Since 1999, extensive experience in FSC auditing of businesses, forest management organizations, and public lands in the Midwest and Northeast US; performed over 50 FSC audits or assessments, 10 as Lead Auditor.

C. Reed Rossell, Jr.: A.A.S in Wildlife, Hocking Technical College; B.S. in Wildlife Ecology & Management, West Virginia University; M.S. in Wildlife Ecology, University of New Hampshire. Reed has worked in the field of wildlife ecology, management, and research for 16 years. He is a certified Wildlife Biologist and an author of more than 20 peer-reviewed articles. Reed is a contract biologist and research associate in the Environmental Studies Department at the University of North Carolina at Asheville. He has served as a team member on eight forest management assessments and audits throughout the eastern United States.

2.3. Report peer reviewers

Natural Resource Economist: M.S. Agricultural Economics; B.S. Sociology. Experience: work in Maine and throughout North America and Southeast Asia specializing in sustainable development, community forestry, and applied economic research and analysis in the forestry sector.

2.4. Assessment schedule (including pre-assessment and stakeholder consultation)

| Date | General Location* (main sites) | Main activities |
|----------------------|-----------------------------------|---|
| April 20-May 2, 2007 | Off site | Pre-assessment based on DLLT documents, emails, and phone interviews with DLLT staff. |
| May 16, 2007 | DLLT office in Grand Lake Stream | Review of current FSC Standards and procedures. Discussion and document review for conformance with Standard. |

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| | Belden Brook area, Fourth Machias Lake area | Field evaluation of DLLT silvicultural practices, harvesting, and resource protection practices. |
| May 17, 2007 | Sysladobsis Lake area, Buck Knoll area, Wabassus Lake area, Farm Cove Mountain | Field evaluation of DLLT silvicultural practices, harvesting, and resource protection practices. Exit meeting with DLLT and Orion staff summarizing preliminary findings. |
| May 24-31, 2007 | Off site | Stakeholder consultation, follow-up emails and documents from DLLT and draft report compilation. |
| Total number of person-days used for the assessment: 5 = number of assessors participating 2 times total number of days spent for the audit 2.5 * Detail on sites visited provided in Appendix VI. | | |

2.5. Evaluation strategy

The field sites for this assessment included all areas that had been harvested under DLLT's management and specific sites that would allow for evaluation of DLLT's conformance against the FSC Regional Standard. Sites sampled contained thinnings (both marked and operator select), group selection harvests, clearcuts, riparian features and wetlands, and roads.

All Farm Cove Community Forest management activities are conducted under the auspices of the DLLT Executive Director, who reports to the DLLT Board of Directors. DLLT obtains professional forest management services through a contract with a private forestry consulting firm (Orion Timberlands, LLC). Orion conducts forest inventory and management practices under DLLT review and approval. DLLT provided the assessment team with a list of all completed harvest units. The assessment team chose sites that could be visited within the timeframe of the assessment. All of the past harvest areas were visited, covering 1,005 acres of the lands under DLLT's ownership. Two special management areas, the Ecological Reserve and the Farm Cove Old-growth Hemlock stand, were also visited.

At each field site, the assessment team was provided with the written Harvest Prescription. The DLLT Executive Director and Orion Timberlands staff were present at each site. DLLT and Orion were asked: to discuss the objectives for the site and the means used to accomplish them; how management of the site fit into the property management goals; and, how DLLT policies and procedures guided management actions. A large portion of each area was walked to view how the management activities were implemented, how wetlands and sensitive resources were protected, and how well the management activities conformed to the management plan goals.

The assessment team was provided with copies of DLLT's Management Plan and draft Addendum, DLLT Board of Director's Tool Kit, conservation easements for the Ecological Reserve and Community Forest, stakeholder lists, timber sale contract examples, a summary of DLLT management activities since 2005, and numerous other documents. These materials were supplied prior to, or during, the assessment. Subsequent to the site visit, DLLT submitted additional management documents and data that was requested by the assessment team. The assessment team also reviewed DLLT's forest inventory data and Geographic Information System content.

List of management aspects reviewed by assessment team:

| Type of site | Sites visited | Type of site | Sites visited |
|------------------------|---------------|-------------------------|---------------|
| Road construction | 2 | Bridges/stream crossing | 4 |
| Completed logging | 7 | Wetland | 4 |
| Felling by harvester | 7 | Steep slope/erosion | 3 |
| Skidding/Forwarding | 7 | Riparian zone | 4 |
| Clearfelling | 3 | Natural regeneration | 7 |
| Shelterwood management | 3 | Wildlife management | 3 |
| Selective felling | 4 | Special management area | 2 |
| Commercial thinning | 4 | | |

2.6. Stakeholder consultation process

The purpose of the stakeholder consultation strategy for this assessment was threefold:

- 1) To ensure that the public is aware of and informed about the assessment process and its objectives;
- 2) To assist the field assessor in identifying potential issues; and,
- 3) To provide diverse opportunities for public feedback regarding DLLT's forest management.

The stakeholder consultation process includes an initial stakeholder notification, as well as detailed and meaningful stakeholder interaction. The process of stakeholder interaction begins prior to the field visit, occurs throughout the field evaluations including post assessment interviews, and can continue after a certification decision is made. SmartWood welcomes comments on certified operations at any time, and such comments often provide a basis for field auditing.

In the case of DLLT, prior to the field assessment, a public stakeholder notice was developed, sent to a comprehensive list of national and regional stakeholders and posted on the SmartWood website. Through input from DLLT and outside stakeholders, a stakeholder list was developed to provide a basis for the assessment team to select people for interviews (by telephone or through email). No public meetings were held to gather stakeholder input. Phone interviews were completed following the field assessment.

| Stakeholder Type (NGO, government bodies, local inhabitant, contractor etc.) | Stakeholders informed (#) | Stakeholders consulted or providing input (#) |
|---|---------------------------|---|
| Forest industry/consultant | 42 | 4 |
| Forest and Forest Products NGOs | 34 | 0 |
| Government/Regulators | 34 | 4 |
| Academia/Ecological Consultants | 21 | 2 |
| Adjacent Landowners/Managers | 1 | 1 |
| DLLT Board Member | 11 | 2 |
| Environmental NGOs | 74 | 4 |
| SmartWood/FSC certificate holders | 474 | 0 |
| Local Forest-based Businesses | 2 | 2 |
| Other | 22 | 0 |

3. ASSESSMENT FINDINGS AND OBSERVATIONS

3.1. Stakeholder comments received

The stakeholder consultation activities were organized to give participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria. The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments.

| FSC Principle | Stakeholder comment | SmartWood response |
|---|---|---|
| P1: FSC Commitment and Legal Compliance | DLLT has not been reported as non-compliant with laws and regulations. | SmartWood concurs. |
| P2: Tenure & Use Rights & Responsibilities | DLLT is very sensitive to the effects of its management decisions on the local community. | SmartWood concurs. |
| P3 – Indigenous Peoples’ Rights | None received. | None necessary. |
| P4: Community Relations & Workers’ Rights | Contractor relationships are good. DLLT Board is open to contractor concerns. DLLT spreads available workload among contractors to provide broader economic opportunity. | SmartWood concurs. |
| P5: Benefits from the Forest | DLLT promotes economic opportunities for contractors and local businesses. DLLT works to maximize the economic value of their forest products. | SmartWood concurs. |
| P6: Environmental Impact | All stakeholders contacted indicated that DLLT has demonstrated a willingness and competence to manage their lands in an environmentally-sound manner. There were no negative comments regarding DLLT’s management. There were several stakeholders who recommended that wider no-cut zones (width > 100 feet) be established along brook trout and Atlantic salmon reaches to protect water quality and habitat. | SmartWood concurs with stakeholders regarding DLLT’s commitment to being good stewards of the land. SmartWood concurs that DLLT could evaluate the effectiveness of the width of no-cut zones along brook trout and Atlantic salmon stream reaches and extend the width, if appropriate (OBS 07/07). |
| P7: Management Plan | None received. | None necessary. |

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| P8: Monitoring & Assessment | Stakeholders indicated varying opinions about the selection of beaver as a focus species for management. There was a general consensus, however, that if beaver are to be managed, then an annual monitoring protocol is needed to ensure that the potential impacts of beaver on cold-water streams are minimized. | SmartWood agrees that there should be a component of the monitoring plan that addresses cold-water fisheries and beaver habitat (CAR 07/07). |
| P9: Maintenance of High Conservation Value Forest | Stakeholders indicated that DLLT does a good job consulting with local and regional experts with regard to the identification and protection of areas that contain HCVF attributes. | SmartWood concurs with stakeholders. DLLT has done a commendable job of identifying and establishing provisions for maintaining and protecting areas with HCVF attributes. |
| P10 - Plantations | None received. | None necessary. |

3.2. Main strengths and weaknesses

| Principle | Strengths | Weaknesses |
|---|---|---|
| P1: FSC Commitment and Legal Compliance | <p>One of DLLT's management objectives is to seek third-party certification.</p> <p>Non-compliances with laws, regulations, and payments were not found.</p> | DLLT does not have a written commitment to the FSC P&C (CAR 01/07). |
| P2: Tenure & Use Rights & Responsibilities | DLLT has a strong commitment to maintaining open access to its lands and to allowing all legal uses of its lands. | None observed. |
| P3 – Indigenous Peoples' Rights | <p>DLLT management works to ensure that adjacent Tribal resources are not adversely affected.</p> <p>DLLT has contacted SHPO and THPO experts regarding cultural resources.</p> | DLLT has not yet developed formal procedures for cultural resource management and protection (CAR 02/07). |
| P4: Community Relations & Workers' Rights | <p>DLLT is intimately connected to the local community with strong stakeholder participation.</p> <p>DLLT actively works to improve local economic opportunities for qualified contractors, as well as local businesses.</p> <p>DLLT is strongly involved in civic and public education activities.</p> | DLLT has not established safety policies and procedures for DLLT employees and contractors (CAR 03/07). |
| P5: Benefits from the Forest | DLLT's management seeks to avoid the waste of forest products and damage to the remaining forest. | DLLT does not have approved provisions concerning acceptable levels of residual damage included in its operational contracts (CAR 04/07). |

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| | <p>DLLT encourages local processing of forest products and works with small businesses requiring forest products.</p> <p>DLLT's management protects the biological diversity of their lands.</p> <p>DLLT harvest rates are conservative.</p> | |
| P6: Environmental Impact | <p>DLLT has done an excellent job evaluating current conditions on their property.</p> <p>Team observations indicated that Orion's silvicultural prescriptions promote species diversity and take into account those tree species favored for natural regeneration.</p> <p>DLLT's forest management operations were well-planned. Orion flags all environmentally sensitive areas (e.g., stream buffers, vernal ponds, wetlands, etc.) prior to the start of harvest operations. Orion conducts a pre-harvest meeting with the logging contractor, and inspects on-going operations 2-3 times per week.</p> <p>DLLT has done a good job determining the size and extent of representative ecosystems.</p> | <p>The Team observed several instances where sediment was entering streams or lakes as a result of nonfunctional culverts, or an inadequate number of cross-drainage culverts and diversion ditches along roads. Most water control problems were pre-existing upon DLLT acquisition of the property, and DLLT is working to address these problems (CAR 05/07).</p> <p>DLLT has not developed and implemented hazardous material response procedures (CAR 06/07).</p> |
| P7: Management Plan | <p>DLLT's Management Plan and draft FMP Addendum are well written and comprehensive.</p> <p>DLLT's draft FMP Addendum uses 15 wildlife species as "umbrella species" to guide management activities and promote a diverse forest system.</p> | None observed. |
| P8: Monitoring & Assessment | <p>DLLT maintains a sound forest inventory. Forest management activity records are complete.</p> <p>DLLT's draft 2007 FMP Addendum contains a thorough forest monitoring plan.</p> <p>DLLT has an updated and comprehensive GIS.</p> <p>DLLT has procedures for updating their FMP based on new information.</p> | <p>DLLT does not have a monitoring plan for the full suite of monitoring variables on its forest including cold-water fisheries and beaver (CAR 07/07).</p> <p>DLLT has not produced a publicly available annual summary of their monitoring results (CAR 08/07).</p> |
| P9: Maintenance | DLLT has assessed and evaluated | None observed. |

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| of High Conservation Value Forest | the presence of HCVF attributes on their lands. DLLT has mapped areas with HCVF attributes using GIS and has developed management provisions for protecting these areas. | |
| P10 - Plantations | Not Applicable | Not Applicable |
| Chain of custody | All DLLT lands are included under their certificate, which eliminates the potential for non-FSC-certified wood to be mistaken for FSC-certified wood. | DLLT does not have procedures for including their certification code and product descriptions on sales documentation for FSC-certified products (CAR 09/07). |

3.3. Identified non-conformances and corrective actions

A non-conformance is a discrepancy or gap identified during the assessment between some aspect of the FMO's management system and one or more of the requirements of the forest stewardship standard. Depending on the severity of the non-conformance the assessment team differentiates between major and minor non-conformances.

- **Major non-conformance** results where there is a fundamental failure to achieve the objective of the relevant FSC criterion. A number of minor non-conformances against one requirement may be considered to have a cumulative effect, and therefore be considered a major non-conformance.
- **Minor non-conformance** is a temporary, unusual or non-systematic non-conformance, for which the effects are limited.

Major non-conformances must be corrected **before** the certificate can be issued. While minor non-conformances do not prohibit issuing the certificate, they must be addressed within the given timeframe to maintain the certificate.

Each non-conformance is addressed by the audit team by issuing a corrective action request (CAR). CARs are requirements that candidate operations must agree to, and which must be addressed, within the given timeframe of a maximum of one year period.

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| CAR #: 01/07 | Reference Standard #: 1.6.A |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT does not have a written statement of commitment to the FSC P&C. |
| Corrective Action Request: DLLT shall develop a written statement of commitment to the FSC P&C. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 02/07 | Reference Standard #: 3.3.b |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT has not yet developed formal procedures for cultural resource management and protection. |
| Corrective Action Request: DLLT shall develop and fully implement a protocol for cultural resource management consistent with SHPO and THPO cultural resource protection guidelines. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 03/07 | Reference Standard #: 4.2.a |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT has not established safety policies and procedures for DLLT employees and contractors. |
| Corrective Action Request: DLLT shall develop and implement a safety program for its employees and safety requirements for its contractors. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 04/07 | Reference Standard #: 5.3.b |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT does not have provisions concerning acceptable levels of residual damage included in its operational contracts. |
| Corrective Action Request: DLLT shall ensure that provisions concerning excessive residual tree damage and excessive rutting be included in timber sale documents for DLLT lands. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 05/07 | Reference Standard #: 6.3.c.5 |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | Several areas were observed on DLLT lands that were not in full conformance with state water quality BMPs; primarily as a result of pre-existing problems upon DLLT acquisition of the property. Several failed culverts were discovered during the assessment. Sediment in several areas was also observed entering high-quality waters. |
| Corrective Action Request: DLLT shall develop a schedule to conduct a complete inventory of their road system (including secondary roads) for sediment-control and erosion problems. DLLT shall generate a priority list of corrective-action measures needed based on the road inventory that includes a tentative schedule of when corrective actions will be taken. DLLT shall correct the runoff problems observed by the Team at the secondary-road crossing of the small tributary of Belden Brook and at Fourth Lake Rd between Pocumcus and Wabassus Lakes. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 06/07 | Reference Standard #: 6.7.a |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT has not developed and implemented hazardous material response procedures. |
| Corrective Action Request: DLLT shall develop and implement hazardous material spill response procedures to be used on their lands for containment, reporting, and remediation of spills, as well as provide training on these procedures for DLLT managers and contractors. | |
| Timeline for Compliance: By the first annual audit | |

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| CAR #: 07/07 | Reference Standard #: 8.1.b |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT does not have a monitoring plan for the full suite of monitoring variables on its forest. |
| Corrective Action Request: DLLT shall implement a Monitoring Plan in conformance with Principle 8 that includes monitoring of cold-water fisheries and beaver.. | |
| Timeline for Compliance: By the first annual audit. | |

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| CAR #: 08/07 | Reference Standard #: 8.5.a |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT has not produced a publicly available annual summary of their monitoring results. |

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| Corrective Action Request: DLLT shall develop and maintain a summary of their monitoring results and shall make this information publicly available. |
| Timeline for Compliance: By the first annual audit. |

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| CAR #: 09/07 | Reference Standard #: CoC 5, 8.3 |
| Nonconformance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> | DLLT does not have procedures for including their certification code and product descriptions on sales documentation for FSC-certified products. |
| Corrective Action Request: DLLT shall develop and implement a system to include the DLLT FSC certificate code and certified description of products on sales documentation. | |
| Timeline for Compliance: By the first annual audit. | |

3.4. Follow-up actions by client to meet certification

No major non-conformances were identified during the assessment.

3.5. Observations

Observations are voluntary actions suggested by the assessment team, but are not mandated or required.

| Observation | Reference Standard # |
|---|----------------------|
| OBS 01/07: DLLT and its contractors could attend training in cultural resource identification and protection to better implement cultural resources protocol. | 3.3.b |
| OBS 02/07: DLLT and its contractors could develop formal dispute resolution procedures. | 4.3.a |
| OBS 03/07: DLLT could query MNHP and MDIFW databases annually to receive the most current data on the delisting or new occurrences of rare species. DLLT also could develop a policy to notify the appropriate agency when any RTE species or significant natural communities are identified on their property. | 6.1.a |
| OBS 04/07: DLLT could develop and implement a system to maintain or restore large down woody debris at harvest sites. | 6.3.c.1 |
| OBS 05/07: DLLT could develop and implement a system to ensure ruts are cleaned-up after harvest activities are completed. | 6.3.c.2 |
| OBS 06/07: DLLT could develop economic and ecological standards for evaluating and implementing salvage harvests that are consistent with FMP goals. | 6.3.c.3 |
| OBS 07/07: DLLT could evaluate extending the width of no-cut zones along brook trout and Atlantic salmon stream reaches to at least 100 feet as recommended by the MDIFW. | 6.5.c |
| OBS 08/07: Prior to the use of chemical pesticides or biological control agents, DLLT needs to develop written strategies in conformance with the FSC Policy on Chemical Pesticides for chemical and biological pest control including, but not limited to, pest population levels triggering treatment, chemical and biological control agent type, application methods and rates, non-target | 6.6.c-g, 6.8.a |

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| protective measures (including applicators), risks and benefits of treatment, and record-keeping procedures for worker exposures. | |
| OBS 09/07: DLLT could develop and implement a system to document and record the presence of any non-native, invasive plants or pests that may occur at a site. | 6.9.b |
| OBS 10/07: DLLT could improve current Harvest Prescriptions to incorporate enhanced stand descriptions, detailed silvicultural prescription detail (such as those in the draft Addendum), and site-specific BMPs, to better document site-level conditions. | 7.1.c.1 |
| OBS 11/07: DLLT could produce larger scale, more detailed Harvest Prescription maps. | 7.1.h.1 |
| OBS 12/07: DLLT and its contractors could develop training plans for staff working on DLLT lands to ensure that training pertinent to the goals and objectives of the FMP is acquired. | 7.3 |
| OBS 13/07: DLLT could develop and implement a system to document the findings made during project site visits. | 8.2.d.1 |
| OBS 14/07: DLLT could develop and implement a system to ensure all harvest tools and options and their ecological and economic benefits are considered. | 8.2.e.1 |
| OBS 15/07: DLLT could develop a section in their FMP Addendum addressing specific areas containing HCVF attributes. This section could include a list of the areas with HCVF attributes, with a brief synopsis of how each of these areas will be managed and monitored. | 9.4 |
| OBS 16/07: DLLT could develop a system to ensure that all use of the FSC/SW trademarks, as well as public information related to certification is submitted to SmartWood for review and approval prior to use by DLLT. | CoC 9 |

3.6. Certification Recommendation

Based on a thorough field review, analysis and compilation of findings by this SmartWood assessment team, DLLT has demonstrated that their described system of management is implemented consistently over the forest areas covered by the scope of the evaluation. SmartWood concludes that DLLT's management system, if implemented as described, is capable of ensuring that all the requirements of the certification standards are met across the scope of the certificate. Areas requiring attention to bring DLLT into full conformance are: written commitments to the FSC P&C, implementing cultural resource management procedures, establishing DLLT safety policies, establishing acceptable/unacceptable levels of stand damage during management operations, documenting and correcting water control issues, establishing spill response procedures, implementing a forest monitoring plan, developing chain-of-custody procedures, and providing a summary of monitoring results to the public. A FSC/SmartWood Forest Management and Chain of Custody (FM/COC) Certification will be issued based upon agreement to the stipulated corrective action requests.

In order to maintain certification, the FMO will be audited annually on-site and required to remain in conformance with the FSC principles and criteria as further defined by regional guidelines developed by SmartWood or the FSC. The FMO will also be required to fulfil the corrective actions as described below. Experts from SmartWood will review continued forest management

performance and conformance with the corrective action requests described in this report, annually during scheduled and random audits.

4. CLIENT SPECIFIC BACKGROUND INFORMATION

4.1. Ownership and land tenure description

The following were excerpted in part from DLLT planning documents:

The Downeast Lakes Land Trust (DLLT) was formed in 2001 for the express purpose of acquiring and protecting in perpetuity lands adjacent to the community of Grand Lake Stream, Maine, in T5 & T6ND. The trust is a 501(c)3 non-profit organization based in Grand Lake Stream.

This 27,080-acre property had previously been owned and managed by Georgia-Pacific Corporation until 1999, when the property was purchased by a group of investors. The lands were managed for the investor group by Wagner Timberlands. Local concerns regarding the direction of the investor's management practices and the potential for significant lakeshore development led to the establishment of DLLT.

On May 25, 2005 Downeast Lakes Land Trust completed acquisition of 27,080 acres on and around West Grand Lake in Washington County, Maine. The land trust worked in cooperation with the New England Forestry Foundation and Wagner Timberlands to negotiate the acquisition of the property and to place a conservation easement on the tract.

The DLLT ownership consists of the Farm Cove Community Forest, which is covered by the 2004 Conservation Easement (8,188 acres) and the 2005 Farm Cove Conservation Easement (15,332 acres), both held by the New England Forestry Foundation, Inc. These easements require managing the property as a working, community forest, while protecting the conservation values of the property. The Fourth Machias Lake Ecological Reserve exists as part of the Farm Cove Community Forest. The 3,560 acres of the Reserve are covered by a Conservation Easement, initially held by the New England Forestry Foundation, Inc., but assigned in September 2006 to Sweetwater Trust. This easement maintains the Reserve lands as "forever wild", without human manipulation. The Reserve lands remain open to non-motorized access and legal hunting, fishing, and trapping activities.

DLLT lands are contiguous. There are several small, private lakeshore properties scattered within the boundaries of the DLLT property. All DLLT lands are open to public access and to all legal hunting, fishing, and gathering activities.

DLLT contracts with Orion Timberlands, LLC, to obtain technical forest management services, with DLLT oversight. DLLT initiated forest management activities in summer 2005.

4.2. Legislative and government regulatory context

Public agencies having jurisdiction over the management of commercial forestland in Maine are: Maine Forest Service, Maine Inland Fisheries & Wildlife, Maine Land Use Regulation Commission, Board of Pesticide Control, U.S. Fish and Wildlife Service, Maine Warden Service, U.S. Corps of Engineers, Board of Forester Licensing, Maine Department of Environmental Protection, U.S. Environmental Protection Agency, and local municipalities.

Forest practices are governed by the Maine Forest Practices Act, other statewide forestry laws enforced by the Maine Forest Service; local town regulations on harvesting in shoreland areas and statewide water quality regulations under the jurisdiction of the Maine Department of Environmental Protection. Other rules that may apply include Maine Endangered Species Act, Maine Natural Resources Protection Act, Erosion and Sedimentation Control Act, and Protection and Improvement of Water Act. Northern properties (unorganized townships) are under the jurisdiction of the Maine Land Use Regulatory Commission. State and federal labor, insurance, and safety laws also apply. DLLT lands are enrolled in Maine's Tree Growth Tax Law, which requires a forest management plan and a commitment to harvest commercial forest products. Maine's forester licensing law and voluntary Best Management Practices are also applicable.

4.3. Environmental Context

DLLT's Farm Cove Community Forest is located within the Downeast Lakes region of Maine, which encompasses more than 1 million acres of forested lands. The Community Forest is part of the eastern lowlands biophysical region and located within two watersheds: the St. Croix River, which is the international boundary between Maine and New Brunswick, Canada, and the Machias River, which is designated as important habitat to the Atlantic salmon, a federally threatened species.

The Community Forest includes 62 miles of shoreline on six lakes. The topography of the Community Forest is gently rolling, with elevations ranging from 240 to 800 feet. Soils consist generally of three series formed from glacial till. The overall condition of the forest is very good, with limited harvesting occurring until the mid-1990's. As a result of past forest management practices, the current tree species composition is heavily skewed towards hemlock (38.2%), followed by spruce (19.9%), white pine (12.2%), and cedar (8.9%). Softwoods account for approximately 80% of the composition, and hardwoods account for less than 20%.

The Community Forest provides habitat to a diversity of fish and wildlife. The area has a long history of hunting, trapping, and fishing, and these activities continue to play an important role in the region's economy. The region maintains excellent water quality and a thriving fishery. The Community Forest contains cold-water streams that support native brook trout as well as lakes that contain land-locked salmon. The Community Forest also provides habitat for many big game species, including moose, white-tailed deer, and black bear. Other species that occur in the Community Forest include mink, pine marten, fisher, and beaver. The Community Forest supports a diverse avian fauna, and has been designated as part of a Globally Important Bird Area by the American Bird Conservancy.

Currently, no federally-listed rare, threatened, or endangered (RTE) species are known to be present on the Community Forest. Federally endangered animal species that are known to occur in the region include the golden eagle, peregrine falcon, Atlantic salmon and Clayton's copper (a butterfly). Federally endangered plant species in the region include arctic sandwort, smooth rockcress, pale jewel-weed, giant rattlesnake-plantain, white adder's-mouth, and Furbish's lousewort. Species listed as federally threatened that are known to occur in the region include: bald eagle, Canada lynx, northern bog lemming, slender cliffbrake, mountain sweet-cicely, wild coffee, wild ginger, Lapland buttercup, and small round-leaved orchis.

4.4. Socioeconomic Context

The following were excerpted in part from DLLT planning documents:

Envisioned as a community based, working forest, Farm Cove Community Forest provides a range of ecological and social values that have long supported the people and communities of the region. The Downeast Lakes Land Trust, through the implementation of their management plan, seeks to ensure the perpetuation of this recreation- and forest-based economy.

The history of DLLT lands is linked to the village of Grand Lake Stream, once the site of the world's largest tannery. Logging and hemlock bark collection were central to the economy of the area. The Downeast Lakes Region has been a mecca for the sport fishing and game since the turn of the 20th century. A strong guiding industry developed to provide services to this clientele. The forestlands of the region served the local timber and pulp industry since the advent of the paper industry in the early 1900's. DLLT lands were part of the St. Croix Paper Company lands until they were purchased by Georgia-Pacific Corporation. This area was part of a nearly 1-million-acre ownership that stretched across the U.S.-Canadian border. For years the mill required spruce and fir to run until the early 1970's when the pulping process was converted to hardwood. The area continues to be within the wood procurement circle of the Domtar (formerly Georgia-Pacific) facility in Woodland.

The hardwood resource on DLLT lands has been significantly reduced and degraded because of past management, which in the past was driven by markets. Trees weren't harvested unless a market existed for them. In a forest type such as this, this harvesting ensured the perpetual presence of a forest cover because market specifications demanded larger sized timber. The small (5–10 inch diameter), lower quality trees generally remained to grow. As market conditions changed, so did harvest methods and the amount of timber harvested from each acre. In the early 1970's, Georgia-Pacific's whole tree chipping had a dramatic impact on harvesting. Clearcutting increased. This technology affected the future DLLT lands. Hardwood areas were essentially commercially clearcut in the early 1980's. In the mid-1980's and early 1990's, markets for hemlock logs developed in Asia. Georgia-Pacific used the abundant and ever-increasing hemlock resource on their lands to supply this market out of Eastport, Maine. Much of the mature hemlock was harvested at that time. In 1999, Georgia-Pacific sold all of its Maine and New Brunswick timberlands to an investor group. Wagner Forest Management assumed management of the lands and a limited harvest was conducted in 2001.

About 90% of Maine's total land area is forested (17.7 million acres), and 95% of this area (16.9 million acres) is considered productive forestland. The percentage of forestlands in private ownership is 95%. Small, non-industrial private forest landowners manage 37% of the productive land, mostly in the southern and central portions of the state, whereas large private forest landowners manage about 59%, mainly in the north and northeast regions of the state. State and County governments own approximately 4% of the productive forestland. The forests of Maine support the forest products industry and a wide variety of recreational activities, which generate 18% of the gross state product.

Maine's northern and eastern communities face economic challenges. Compounding the economic problems in northern Maine is the realignment of several Maine pulp mills, which have changed ownership in recent years with some of these transfers resulting in separate owners for mills and forestlands. Many Maine residents are concerned about

public access on these recently sold lands, which have a long history of public recreational use.

Maine is home to four federally recognized Native American peoples. These are the Penobscot, Passamaquoddy, Maliseet, and Micmac. In 1980 the *Maine Indian Claims Settlement Act* was signed into law and included provisions for the reacquisition of tribal lands. Under the terms of the Settlement, the Penobscots and Passamaquoddies gave up future claims to their aboriginal lands in exchange for Federal trust fund and land acquisition monies. Passamaquoddy lands abut DLLT lands.

APPENDIX I: FSC Reporting Form: Detailed FMO information

SCOPE OF CERTIFICATE

| | | | |
|---|---|-----------------------------|----------------------------------|
| Type of certificate: | single FMU | | |
| SLIMF status: | no SLIMF | | |
| Number of group members (if applicable): | Total number of Forest Management Units FMUs: 1 (if applicable, list each below): | | |
| Division of the FMUs within the scope: | | | |
| | # of FMU-s | total forest area FMU group | |
| < 100 ha | | ha | |
| 100 – 1000 ha | | ha | |
| 1000 – 10 000 ha | | ha | |
| > 10 000 ha | 1 | 27080 acres | |
| SLIMF FMUs | | ha | |
| List of each FMU included in the certificate: | | | |
| FMU | FMU Owner | Area | Forest Type |
| Farm Cove Community Forest | Downeast Lakes Land Trust | 27,080 acres | Temperate hardwoods and conifers |

Product categories included in the scope (note: use FSC product category classification system):

| Type of product: | Description |
|------------------|--|
| Pulp wood | Logs of lower quality or smaller size used to make paper |
| Sawlogs | Logs of variable length sawn into various grades of lumber |
| Other: NTFP | Gravel, balsam tips, firewood, craftsman wood (trees harvested for specific, small-scale use such as canoe building, furniture, and snowshoes) |

FMO INFO

| | |
|---|---|
| Location of certified forests | Latitude: W 67 degrees 52 minutes Longitude: N 45 degrees 12 minutes |
| Forest zone | Temperate |
| Management tenure: | privately managed by owner |
| Number of FMO employees: | 3 |
| Number of forest workers (including contractors) working in forest within the scope of certificate: | 6 |

Species and annual allowable cut

| Botanical name | Common trade name | Annual allowable cut | Actual harvest in last year (2006) | Projected harvest for next year (2007) |
|---------------------------|-------------------|----------------------|------------------------------------|--|
| <i>Tsuga canadensis</i> | Hemlock | | 2939 cords | |
| | Mixed hardwood | | 2799 cords | |
| <i>Picea sp-Abies sp.</i> | Spruce-fir | | 1771 cords | |

| | | | | |
|---|-----------------------|------------|------------|------------|
| <i>Picea</i> sp. | Spruce | | 235 cords | |
| <i>Populus</i> sp. | Poplar | | 701 cords | |
| <i>Pinus strobus</i> | White pine | | 166 cords | |
| | All species (biomass) | | 961 cords | |
| Total | | 6500 cords | 9572 cords | 6878 cords |
| Note: Harvest in 2005 was only 3050 cords; projected cut for 2007 would match 3-year allowable cut. Biomass is not included in allowable cut calculation. | | | | |
| Total annual estimated log production: | | 6500 cords | | |
| Total annual estimated NTFP production: | | | | |
| Gravel | | ~350 yards | | |
| Balsam tips | | ~1 permit | | |
| Firewood | | <10 cords | | |
| Craft wood | | <50 trees | | |

FOREST AREA CLASSIFICATION

| | |
|--|-------------|
| Total certified area | 27080 acres |
| Total forest area in scope of certificate | 27080 acres |
| Forest area that is: | |
| Privately managed | 27080 acres |
| State managed | 0 |
| Community managed | 0 |
| Area of production forests (areas where timber may be harvested) | 23520 acres |
| Area without any harvesting or management activities (strict reserves) | 3560 acres |
| Area without timber harvesting and managed only for production of non-timber forest products or services | 0 |
| Area classified as plantations ¹ | 0 |

| | |
|--|--|
| Area or share of the total production forest area regenerated naturally | 100 % |
| Area or share of the total production forest area regenerated by planting or seeding | 0 |
| Area or share of the total production forest are regenerated by other or mixed methods (describe) | 0 |
| Conservation values present in the forest (High Conservation Value Forests or HCVF) and respective areas | |
| HCVF Attributes | Description: Location on FMU |
| A forest contains globally, regionally or nationally significant: concentrations of biodiversity values (e.g. endemism, endangered species, refugia) | Entire (Designated part of a Globally) |
| | Area (ac) |
| | 27,080 |

¹ According to FSC definition “plantations” in this context should be understood as forest areas lacking most of the principal characteristics and key elements of native ecosystems as defined by FSC-approved national and regional standards of forest stewardship, which result from the human activities of either planting, sowing or intensive silvicultural treatments.

| | Important Bird Area by American Bird Conservancy) | |
|--|---|--------|
| A forest contains globally, regionally or nationally significant: large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance | Entire | 27,080 |
| They are in, or contain rare, threatened or endangered ecosystems | None | NA |
| They provide basic services of nature in critical or unique situations (e.g. watershed protection, erosion control); | Ecological Reserve and Late-Successional Management Area (both provide watershed protection for the Machias River and endangered Atlantic Salmon) | 7,340 |
| They are fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities). | Entire (Community Forest was selected by local group because of its significance to the local community and economy) | 27,080 |

APPENDIX II: Public summary of the management plan

| | |
|---|---|
| <p>Main objectives of the forest management are: Main priority: Protect, maintain and enhance the quality and diversity of wildlife habitats Secondary priority: Manage the forest to maintain and support traditional uses and values Other priorities: Manage the forest as a commercial forest enterprise. Integrate management of timber, recreation, wildlife and water resources. Manage for the protection and enhancement of aesthetic quality. Manage the forest to maintain and enhance forest health and productivity. Manage the forest to protect ecological diversity.</p> | |
| <p>Forest composition: Mix of hemlock, pine-conifer, spruce-fir, aspen-birch, and northern hardwood forest types.</p> | |
| <p>Description of Silvicultural system(s) used: Natural regeneration and a variety of silvicultural systems dependent upon current forest condition and desired future conditions.</p> | |
| <p>Silvicultural system</p> | <p>% of forest under this management</p> |
| Even aged management | 41 % |
| Clearfelling (clearcut size range 1-40 acres) | 22 % |
| Shelterwood | 19 % |
| Uneven aged management | 59 % |
| Individual tree selection | 54 % |
| Group selection (group harvested of less than 1 ha in size) | 5 % |
| <p><i>Forest Management Plan does not designate percentages of the forest for each silvicultural prescription.</i></p> | |
| <p><i>Above percentages are based on 2005-2007 harvest.</i></p> | |
| Other types of management (explain) | 3560 acres |
| Ecological Reserve | |
| Late Successional Management Area | 3780 acres |
| <p>Harvest methods and equipment used: feller-buncher, cut-to-length processor, or hand-crew</p> | |
| <p>Estimate of maximum sustainable yield for main commercial species: 0.35 cords/acre</p> | |
| <p>Explanation of the assumptions (e.g. silvicultural) upon which estimates are based and reference to the source of data (e.g. inventory data, permanent sample plots, yield tables) upon which estimates are based: Forest inventory conducted in 2002 included 972 points. FMP identifies optimum stocking of 20-22 cords per acre and 2003 stocking of 17-19 cords per acre. Annual harvest to be sustainable over the long-term based on projected and observed growth rates as documented through inventory and monitoring.</p> | |
| <p>Forest management organizational structure and management responsibilities from senior management to operational level: Downeast Lakes Land Trust Board of Directors approves all management plans and harvest plans. Staff and Forestry Resource Committee make recommendations to the Board for approval. DLLT staff contracts with Orion Timberlands to provide technical forest management expertise and treatment implementation.</p> | |
| <p>Structure of forest management units (division of forest area into manageable units etc.): Farm Cove Community Forest is currently managed as a single entity, with the exception of the Ecological Reserve of 3,560 acres and the Late Successional Management Area of 3,870 acres.</p> | |
| <p>Monitoring procedures (including yield of all forest products harvested, growth rates, regeneration,</p> | |

APPENDIX IX: FMO map

