

**SFI Standard [2005-2009 Edition]**

**Test Evaluation Report**

**Chequamegon-Nicolet National Forest**

**April 5, 2007**

**Report Distribution:**

**SmartWood US Region: Mr. Dave Bubser**

**PricewaterhouseCoopers, Vancouver: Client File 70-08-63142-72-004**

April 5, 2007

**Private and Confidential**

Mr. Dave Bubser  
SmartWood US Region  
101 East Fifth Street, Suite 208  
Northfield, MN 55057

Dear Mr. Bubser:

**Subject: SFI Standard [2005-2009 Edition] Test Evaluation**

Enclosed please find a copy of our Test Evaluation Report to SFI Standard [2005-2009 Edition] with respect to the Chequamegon-Nicolet National Forest..

Don Taylor (864 675 9146) or myself (604 806 7595) would be pleased to discuss any question or comments, at your convenience.

Yours truly,



Bruce I. McIntyre  
Leader, Forest, Paper & Packaging Practice

cc: Don R. Taylor – PricewaterhouseCoopers LLP  
Bruce Eaket – PricewaterhouseCoopers LLP  
Dan Pubanz - SmartWood

Enclosures

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## Introduction

This report and attachments provide a summary of the PricewaterhouseCoopers LLP (PwC) independent third party test evaluation of forest management activities on the Chequamegon-Nicolet National Forest (CNNF) to the Sustainable Forestry Initiative® Standard [2005-2009 Edition] (SFI Standard) in accordance with the contract between Rainforest Alliance, Inc. (the “Client”) and PricewaterhouseCoopers LLP (“PwC”), dated October 23, 2006. Only the CNNF forest management activities within the National Forest boundaries were evaluated. PwC was engaged to conduct the SFI evaluation in conjunction with a Forest Stewardship Council (FSC) test evaluation conducted by SmartWood, who will be issuing a separate report. The project sponsor is the Pinchot Institute for Conservation.

Our findings are based on a review of CNNF’s forest management policies and plans as well as forest level documents and practices. This report is not intended to result in a certification to the SFI Standard, but is a test evaluation.

### Pinchot Institute for Conservation Disclosure

"The findings contained in this report are the results of an independent evaluation of the management of a National Forest, which has been commissioned by the Pinchot Institute for Conservation (PIC). The findings are not determinations of conformance with the Sustainable Forestry Initiative® (SFI) requirements as would be reported for a landowner qualified to seek certification under the SFI Standard. The Forest Service and any other party may not: (a) use the names, logos, seals, certification marks or trademarks, or audit systems or procedures of PricewaterhouseCoopers and the SFI certification programs for any purpose whatsoever, including, without limitation, the marketing, sale or promotion of any forest products; or (b), make any claim of conformity or near conformity with SFI requirements or any portion thereof, or any other operation, until and unless a certificate is awarded by an SFI accredited firm."

## **Evaluation Elements and Dates**

### **Evaluation Scope and Approach**

The scope of the test evaluation was the forest management activities of the United States Department of Agriculture (USDA) Forest Service within the CNNF boundaries. Key planning documents were examined in the office and practices were reviewed in the field along with extensive interviews of CNNF staff, in order to compare the planning and management plans/policies of the CNNF to the requirements of the SFI Standard. The evaluation team used the same evaluation procedures that would be used if the CNNF was undergoing a full SFI/FSC certification of their forest management practices.

Don R. Taylor, CF, of PricewaterhouseCoopers was the SFI Lead Evaluator who worked in coordination with Mr. Dan Pubanz, CF, of Smartwood, who served as both the FSC Lead Evaluator and the overall project leader. A pre-evaluation was conducted on September 14-15, 2006 and a Preliminary Evaluation Report was issued on October 16, 2006.

### **Evaluation Objectives**

The primary purpose of the joint FSC/SFI test evaluation was to review current practices of the USDA Forest Service's CNNF against the two certification standards. The technical team conducted a document review, staff interviews, and a 5 day field examination across the forest to identify evidence of conformance and significant findings or issues that would need to be addressed if the Forest Service chose to commit to full certification.

The primary objectives of the evaluation were to assess the conformity of CNNF forest management practices to the requirements of the Sustainable Forestry Initiative (SFI) Standard [2005-2009 Edition]. Good Management Practices and Opportunities for Improvement were also identified where appropriate. To achieve such objectives, detailed protocols were developed by PricewaterhouseCoopers and were used to facilitate the collection of sufficient, appropriate evaluation evidence.

### **Evaluation Plan**

The evaluation plan is described in the Evaluation Agenda Memo dated October 24, 2006 prepared jointly by PricewaterhouseCoopers, Smartwood, and USFS staff of the CNNF. CNNF staff also prepared a complete listing of their relevant forest management documents and made them available on a special website. Many documents were delivered to the team in advance of the test evaluation.

### **Evaluation Criteria**

Sustainable Forestry Initiative Standard [2005-2009 Edition]

### **Evaluation Dates**

October 30 - November 4, 2006

## Reporting

This report contains the findings from the SFI test evaluation. Non-conformities are provided in Appendix A and Opportunities for Improvement are provided in Appendix B. Good management practices and other observations are provided in the main body of the report. The definitions of the various categories of findings are detailed below:

**Major Non-Conformance Findings** – One or more of the SFI performance measures or indicators have not been addressed or have not been implemented to the extent that a systematic failure of a Program Participant’s SFI system to meet an SFI objective, performance measure or indicator occurs. If this were a full certification audit, corrective action would be required prior to issuance of the audit opinion, and would require re-performance of selected evaluation procedures by one or more members of the audit team.

**Minor Non-Conformance Findings/Gaps** –An isolated lapse in the organization's SFI program implementation which does not indicate a systematic failure to consistently meet an SFI objective, performance measure or indicator. If this were a full certification audit, an acceptable action plan must be documented and agreed to, prior to issuance of the audit opinion.

**Opportunities for Improvement** – identifies opportunities for improvement in the management practices of CNNF. These issues do not indicate non-conformance with the SFI Standard, but could indicate potential for non-conformance in the future, if not addressed.

**Good Management Practices/Observations** – identifies forest management practices that are considered to be above average.

## **Evaluation Participants and Confidentiality**

### **USDA Forest Service - CNNF**

#### **CNNF Representative**

Anne F. Archie, Forest Supervisor, Chequamegon-Nicolet National Forest  
Geoff Chandler, Natural Resources/Ecosystems Group Leader (CNNF Primary Contact)

Chequamegon-Nicolet National Forest  
68 South Stevens Street  
Rhineland, WI 54501

#### **CNNF Employees**

Details of the Chequamegon-Nicolet National Forest employees interviewed during the evaluation are located in the PricewaterhouseCoopers working paper file for this evaluation.

### **PricewaterhouseCoopers Evaluation Team**

Lead Evaluator – Don Taylor, CF, EMS-LA - forest operations  
Dan Pubanz - Co-Lead Evaluator (FSC) - forest silviculture  
Dr. Steve Grado - socio-economic  
Dr. Johan Kotar - forest ecology  
Dr. Kevin Russell - forest biologist

### **Confidentiality Statement**

This Test Evaluation report is considered part of the Confidential Information described in the contract between PricewaterhouseCoopers LLP and Rainforest Alliance Inc./SmartWood US Region (“SmartWood”).

PricewaterhouseCoopers will not disclose this report to any third party without SmartWood’s prior written consent, and this report may not be released without the prior written consent of PricewaterhouseCoopers.

This report is intended for the use of management of SmartWood, Pinchot Institute for Conservation, and the USDA Forest Service, Chequamegon-Nicolet National Forest and is not to be referred to or distributed to any person who is not a member of management of these entities without our express written permission, in advance.

We expressly disclaim any responsibility or accountability to any third parties who may gain access to this report, in whole or in part.

## **Test Evaluation Process and Limitations**

### **Evaluation**

The primary objective of the Evaluation was to confirm if the management program of the CNNF, as directed by the relevant laws and regulations of the United States government and administered by the USDA Forest Service, is in alignment with the SFI standards. It is clearly understood by all parties that this project is not a certification audit. However normal audit procedures were followed as if it was a full audit so that the USFS can internally evaluate it's readiness for certification.

The primary activities of the PwC Lead Evaluator during the evaluation were:

- Collecting evaluation information;
- Confirming that information and comparing it to the SFI Standard;
- Generating evaluation findings; and,
- Preparing the evaluation report

### **Evaluation Limitations**

There were no limitations that impacted the completion of the Test Evaluation. Responsibility for the implementation of recommendations or action plans rests with the client. PwC assumes no responsibility to update the report for events and circumstances occurring after the date of the report.

### **Substitution or Modification of Indicators**

There were no substitutions or modifications of indicators.

## Evaluation Findings

### Evaluation - Summary

- 3 Nonconformities
- 8 Opportunities for Improvement

Copies of the Nonconformities and Opportunities for Improvement are attached as **Appendices A and B**. The following table provides a summary of CNNF's performance relative to each of the 12 applicable SFI Objectives and the related performance measures. Objective 8 relating to the procurement of fiber is not applicable to CNNF's operations:

| <b>SFI Objective</b>                    | <b>Performance Measure</b>   | <b>Findings</b>  |
|---|--|--|
| <b>1. Forestry Planning</b>             | 1.1 Long term resource analysis  | Conformance - 1 OFI  |
| <b>2. Long-term Forest Productivity</b> | 2.1 Regeneration<br>2.2 Forest Chemicals<br>2.3 Protect Site Productivity<br>2.4 Forest Health - Viability<br>2.5 Use of Genetically Improved Stock  | Conformance - 1 OFI<br>Conformance<br>Conformance - 2 OFI's<br>Conformance - 1 OFI<br>Conformance      |
| <b>3. Protect Water Quality</b>         | 3.1 BMP and other regulations<br>3.2 Riparian Protection   | Conformance<br>Conformance - 1 OFI   |
| <b>4. Wildlife &amp; Biodiversity</b>   | 4.1 Biological Biodiversity<br>4.2 Wildlife Habitat  | Conformance<br>Conformance   |
| <b>5. Visual Quality</b>                | 5.1 Visual Management<br>5.2 Clear-cut Size<br>5.3 Adjacency/Green-up  | Conformance<br>Conformance<br>Conformance  |
| <b>6. Special Sites</b>                 | 6.1 ID & Manage Unique Sites   | Conformance  |
| <b>7. Utilization</b>                   | 7.1 Efficient Utilization  | Conformance  |
| <b>9. Research</b>                      | 9.1 Support Research<br>9.2 Regional/Provincial Assessments  | Conformance (General USFS)<br>Conformance (General USFS)   |
| <b>10. Training</b>                     | 10.1 Employees and Contractors<br><br>10.2 Logger Education Programs   | 1 Major Non-Conformance –<br>2 OFI's<br><br>Conformance  |
| <b>11. Legal Compliance</b>             | 11.1 Forestry Related Regulations<br>11.2 Social Regulatory Compliance   | Conformance<br>Conformance   |
| <b>12. Public Outreach</b>              | 12.1 Educational Programs<br>12.2 Outreach and Education<br>12.3 Participation in Public Land Management Planning<br>12.4 Indigenous People Participation<br>12.5 Inconsistent Practices Resolution<br>12.6 Annual Progress Report | Conformance<br>Conformance<br>Conformance<br><br>Conformance<br>Conformance<br>1 Major Non-Conformance |
| <b>13. Continual Improvement</b>        | 13.1 Continual Improvement Program   | 1 Minor Non-Conformance  |

## **Good Management Practices/Observations**

Good management practices were also noted during the test evaluation, which illustrate CNNF forest management practices that the evaluation team consider above average:

- CNNF's procedures for determination of regeneration success include clear criteria and a periodic sampling process that exceeds the basic requirements of sound forestry practices.
- CNNF's policies and procedures for the use of forest chemicals provide a model of how chemicals can be used responsibly and effectively.
- CNNF's in-depth analysis of forest health was found to be comprehensive, science based and provides a good basis for both short-term and long term action plan development.
- CNNF's program to promote biodiversity at stand and landscape levels is comprehensive and outstanding.
- CNNF designates numerous Special Management Areas that are administered in a collaborative and cooperative manner with numerous outside interest groups.
- CNNF has several streams/rivers and wetlands habitat restoration projects that are innovative.
- CNNF "Passport in time" program for the protection/management of cultural archaeological sites is outstanding and provides system-wide leadership.
- CNNF's program for Timber Sale Administration includes consistent and well documented monitoring of activities.
- CNNF has an excellent system to identify sensitive habitat features and Rare/Sensitive and T&E species occurrence across the landscape. The information is then consistently incorporated into all phases of management activities.
- CNNF has made an outstanding effort to provide extensive Jack Pine habitat in the landscape, which is diminishing in other ownerships.
- CNNF has an outstanding program to aggressively control non-native invasive plants across the forest.
- CNNF has an excellent professional certification system for staff that conduct silvicultural prescriptions and operate in other specialty areas.

## Test Evaluation Conclusions

PricewaterhouseCoopers concludes that the USDA Forest Service at CNNF has the organizational capability to systematically meet the requirements of the SFI Standard [2005-2009 Edition]. However, CNNF has not yet implemented programmatic SFI systems with regard to training staff in their SFI responsibilities, communicating CNNF's commitment to SFI, compiling and submitting the annual SFI report data to the SFI Program and management review/continual improvement (Non-conformities #1-3 in Appendix A). The first two findings on SFI training/SFI communication and compiling/submitting SFI report data would be expected for most organizations at the evaluation phase because they have not taken the next step of fully conforming with the SFI Standard. However, formal continual improvement processes are key business issues and should be implemented in any organization whether or not they are proceeding with certification.

In addition, while CNNF has the organizational capability to implement their Forest Plan and meet annual goals, there are potential legal challenges outside of their control that could introduce delays in implementing planned future projects (Opportunity of Improvement #8 in Appendix B). CNNF staff have worked hard to plan, analyze, and prepare project areas that are consistent with the Forest Plan and National Environmental Policy Act (NEPA) requirements, however, if the legal challenges are not resolved quickly, longer term objectives to move toward the desired future state prescribed in the Forest Plan will be delayed. The delays, coupled with uncertainty related to future federal budgets for the Forest Service, could result in continuing forest health issues and a potential failure to protect the forest from damaging agents (SFI Performance Measure 2.4).

SFI Standard [2005-2009 Edition]  
Test Evaluation  
April 5, 2007

## **Appendix A – Nonconformities**

## Nonconformities SFI Standard [2005-2009 Edition]

| Evaluation Information  |   |   |
|---|---|---|
| Evaluation Organization: <b>US Forest Service</b>   | Evaluation Finding N°: NC-01<br>Major Nonconformity |   |
| Department/Branch:<br><b>Chequamegon-Nicolet National Forest</b>  | Date: November 4, 2006                              |   |
| Evaluation Representative: <b>Ms. Anne F. Archie</b>  | PwC Client Code: 70-08-63142-72-004                 |   |
| Evaluation Team Leader: <b>Don Taylor</b>   |   |   |
| Evaluation Criteria Reference Section   |   |   |
| Standard and Clause N°: SFI Standard [2005-2009 Edition] @ Objective 10, Performance Measure 10.1, Indicator #1 and #2  |   |   |
| SFI Standard [2005-2009 Edition] @ 10.1 states that: "Program participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI Standard." Indicator 2 is "assignment and understanding of roles and responsibilities for achieving SFI Standard Objectives". |   |   |
| Evaluation Finding and Description of Objective Evidence  |   |   |
| CNNF has not met the SFI requirements to communicate the SFI program commitments to staff and assign SFI program roles and responsibilities within the organization.  |   |   |
| Intent (documentation): X   | Implementation: X                                   | Effectiveness: <input type="checkbox"/> |
| Client Representative Accepting Evaluation Finding:<br>Ms. Anne F. Archie   |   | Action Plan Due Date:                   |
| Corrective Action Response  |   |   |
| Corrective Action Taken (if applicable, attach supportive documentation):<br><b>Forest Response:</b> We concur with this finding, however we feel the CNNF could rapidly meet this requirement if the Forest Service decides to proceed with certification.   |   |   |
| Client Representative for proposed action: <b>Ms. Anne F. Archie</b>  |   | Date Action Plan Received:              |
| PwC Internal Use  |   |   |
| PwC agrees with the CNNF response.<br>(Don Taylor, March 1, 2007)   |   |   |

## Nonconformities SFI Standard [2005-2009 Edition]

| Evaluation Information   |   |   |
|--|---|---|
| Evaluation Organization: <b>US Forest Service</b>  | Evaluation Finding N°: NC-02<br>Major Nonconformity |   |
| Department/Branch:<br><b>Chequamegon-Nicolet National Forest</b>   | Date: November 4, 2006                              |   |
| Evaluation Representative: <b>Ms. Anne F. Archie</b>   | PwC Client Code: 70-08-63142-72-004                 |   |
| Evaluation Team Leader: <b>Don Taylor</b>  |   |   |
| Evaluation Criteria Reference Section  |   |   |
| Standard and Clause N°: SFI Standard [2005-2009 Edition] @ Objective 12, Performance Measure 12.6, Indicators 1,2, and 3   |   |   |
| SFI Standard [2005-2009 Edition] @ 12.6 Requires Program Participants to “report annually to the SFI Program on their compliance with the SFI Standard”. SFI indicators include:<br>1) Prompt Response to the SFI annual progress report<br>2) Recordkeeping for all the categories of information needed for SFI annual progress reports, and<br>3) Maintenance of copies of past reports to document progress and improvements to demonstrate conformance to the SFI Standard. |   |   |
| Evaluation Finding and Description of Objective Evidence   |   |   |
| CNNF does not have a system to collect and compile the annual SFI report data.   |   |   |
| Intent (documentation): X  | Implementation: X                                   | Effectiveness: <input type="checkbox"/> |
| Client Representative Accepting Evaluation Finding:<br>Ms. Anne F. Archie  |   | Action Plan Due Date:                   |
| Corrective Action Response   |   |   |
| Corrective Action Taken (if applicable, attach supportive documentation):<br><b>Forest Response:</b> We concur with this finding, however we feel the CNNF could rapidly meet this requirement if the Forest Service decides to proceed with certification.  |   |   |
| Client Representative for proposed action: <b>Ms. Anne F. Archie</b>   |   | Date Action Plan Received:              |
| PwC Internal Use   |   |   |
| PwC agrees with the CNNF response.<br><i>(Don Taylor, March 1, 2007)</i>   |   |   |

## Nonconformities SFI Standard [2005-2009 Edition]

| Evaluation Information  |                   |   |
|---|-------------------|---|
| Evaluation Organization: <b>US Forest Service</b>   |                   | Evaluation Finding N°: NC-03<br>Minor Nonconformity |
| Department/Branch:<br><b>Chequamegon-Nicolet National Forest</b>  |                   | Date: Nov. 4, 2006                                  |
| Evaluation Representative: <b>Ms. Anne F. Archie</b>  |                   | PwC Client Code: 70-08-63142-72-004                 |
| Evaluation Team Leader: <b>Don Taylor</b>   |                   |   |
| Evaluation Criteria Reference Section   |                   |   |
| Standard and Clause N°: SFI Standard [2005-2009 Edition] @ Objective 13, Performance Measure 13.1, Indicators 1,2 and 3   |                   |   |
| <p>SFI Standard [2005-2009 Edition] @ Performance Measure 13.1 requires that Program Participants “establish a management review system to examine findings and progress in implementing the SFI Standard, to make appropriate improvements in programs, and to inform their employees of changes.” The indicators include:</p> <ol style="list-style-type: none"> <li>1) System to review commitments, programs and procedures to evaluate effectiveness,</li> <li>2) System for collecting, reviewing and reporting information to management regarding progress in achieving SFI Standard objectives and performance measures, and</li> <li>3) Annual review of progress by management and determination of changes and improvements necessary to continually improve SFI conformance.</li> </ol>  |                   |   |
| Evaluation Finding and Description of Objective Evidence  |                   |   |
| CNNF has implemented some continual improvement processes such as the monitoring of operational activities but has not implemented the formal continual improvement processes required by the SFI Standard.   |                   |   |
| Intent (documentation): X   | Implementation: X | Effectiveness: <input type="checkbox"/>             |
| Client Representative Accepting Evaluation Finding:<br>Ms. Anne F. Archie   |                   | Action Plan Due Date:                               |
| Corrective Action Response  |                   |   |
| <p>Corrective Action Taken (if applicable, attach supportive documentation):</p> <p><b>Forest Response:</b> Although CNNF’s management review system is not specific to SFI terminology, the system is robust. At the time of the “test evaluation”, the CNNF monitoring program had just concluded its first formal, annual system monitoring evaluation process. The product of this was the “FY 2005 Monitoring and Evaluation Report”, which was provided to the test evaluation team. The next step in the continual improvement process had not yet taken place, the monitoring program, as planned, has moved on to the next step in the continual improvement process as outlined by the SFI standard. The gaps between system targets and system accomplishments have been identified, employees with the ability to close the</p> |                   |   |

**Nonconformities**  
**SFI Standard [2005-2009 Edition]**

gaps have been notified, and remedial actions are currently being discussed. We fully understand that the required process of continual improvement will be satisfied only when these remedial actions become concrete plans for the next iteration of the continual improvement cycle. Providing a crosswalk between the CNNF management review system and SFI objectives and performance measures would not be difficult if the Forest Service decides to pursue certification.

Client Representative for proposed action: **Ms. Anne F. Archie**

Date Action Plan Received:

**PwC Internal Use**

PwC agrees that the CNNF has a system in place:

- 1) To review commitments, programs and procedures to evaluate effectiveness, and
- 2) For collecting, reviewing and reporting information to management regarding progress in achieving objectives and performance measures

However, the “Annual review of progress by management and determination of changes and improvements necessary to continually improve SFI conformance” was incomplete at the time of the test evaluation and therefore could not be evaluated. Additionally, it was not clear to the evaluation team how the “FY 2005 Monitoring and Evaluation Report” was to be used by management and whether or not there was a process in place for developing action plans for the report findings and implementing these plans. Thus full conformity to Performance Measure 13.1 could not be determined.

*(Don Taylor, March 1, 2007)*

**Nonconformities**  
**SFI Standard [2005-2009 Edition]**

**Appendix B – Opportunities for Improvement**

## OPPORTUNITIES FOR IMPROVEMENT SFI Standard [2005-2009 Edition]

| <b>Evaluation Information</b>  |   |
|--|---|
| Evaluatee Organization: US Forest Service  | Date: November 4, 2006  |
| Department/Branch: Chequamegon-Nicolet National Forest   | PwC Client Code: 70-08-63142-72-004                                 |
| Evaluatee Representative: Ms. Anne Archie  | Evaluation Team Leader: Don Taylor                                  |
| <b>Evaluation Finding N°</b>   | <b>Evaluation Criteria Reference Section</b>                        |
| OFI-01   | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 10.1-I#4 |
| <p>CNNF may wish to consider requiring all timber sales be operated by loggers trained to the Wisconsin SFI-SIC Standards.</p> <p>CNNF has thorough contracts and contract administration that requires compliance with all USFS regulations and BMPs. However, the CNNF does not require that loggers operating on CNNF timber sales be trained in the state SFI-SIC standards (administered by FISTA).</p> |   |
| <b>Client Response</b>   |   |
| <p>All SFI certified land in Wisconsin require sales be operated by loggers trained to SFI-SIC standards, <u>not</u> certified master loggers. As far as we know from discussion with the SIC, no currently SFI certified lands in Wisconsin require master logger certification.</p> <p><i>(Ms. Anne Archie, February 16, 2007)</i></p>   |   |
| <b>PwC Response</b>  |   |
| <p>PwC has reviewed the client's response. The status of this Opportunity for Improvement is now CLOSED.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>   |   |

## OPPORTUNITIES FOR IMPROVEMENT

### SFI Standard [2005-2009 Edition]

| <b>Evaluation Information</b>   |  |
|---|--|
| Evaluatee Organization: US Forest Service   | Date: November 4, 2006   |
| Department/Branch: Chequamegon-Nicolet National Forest  | PwC Client Code: 70-08-63142-72-004  |
| Evaluatee Representative: Ms. Anne Archie   | Evaluation Team Leader: Don Taylor   |
| <b>Evaluation Finding N°</b>  | <b>Evaluation Criteria Reference Section</b>   |
| OFI-02  | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ Objective 2 Performance Measure 2.1, Indicators 1 and 2 |
| <p>CNNF has an aggressive spruce salvage program to utilize dead and dying trees. Most units have regeneration plans in place.</p> <p>There were some spruce salvage units observed on the CNNF that did not have a clear regeneration plan.</p>  |  |
| <b>Client Response</b>  |  |
|   |  |
| <b>PwC Response</b>   |  |
| <p>This is an opportunity for improvement. Therefore actions taken on this finding by the CNNF are optional and are not required. The PwC evaluation team is concerned that regeneration on these salvage units may not be achieved within the 5 year window allowed under the SFI Program without a clearly stated or defined regeneration plan.</p> <p><i>(Don Taylor, April 5, 2007)</i></p> |  |

## OPPORTUNITIES FOR IMPROVEMENT SFI Standard [2005-2009 Edition]

| <b>Evaluation Information</b>   |   |
|---|---|
| Evaluatee Organization: US Forest Service   | Date: November 4, 2006  |
| Department/Branch: Chequamegon-Nicolet National Forest  | PwC Client Code: 70-08-63142-72-004   |
| Evaluatee Representative: Ms. Anne Archie   | Evaluation Team Leader: Don Taylor  |
| <b>Evaluation Finding N°</b>  | <b>Evaluation Criteria Reference Section</b>                                |
| OFI-03  | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 1.1-Indicator#1e |
| <p>CNNF has a robust GIS system recently upgraded and is in the process of making broad improvements. However, interviews with GIS staff revealed that needed updating resulting from significant forest activities – such as recent timber sale activity - may not be timely and consistent.</p> <p>CNNF may consider taking actions that will require updating as soon as activities are completed.</p> |   |
| <b>Client Response</b>  |   |
| <b>PwC Response</b>   |   |
| <p>The client has not yet provided PwC with a response to the Opportunity for Improvement. The status of this Opportunity for Improvement remains OPEN.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>   |   |

## OPPORTUNITIES FOR IMPROVEMENT

### SFI Standard [2005-2009 Edition]

| <b>Evaluation Information</b>  |   |
|--|---|
| Evaluatee Organization: US Forest Service  | Date: November 4, 2006  |
| Department/Branch: Chequamegon-Nicolet National Forest   | PwC Client Code: 70-08-63142-72-004   |
| Evaluatee Representative: Ms. Anne Archie  | Evaluation Team Leader: Don Taylor  |
| <b>Evaluation Finding N°</b>   | <b>Evaluation Criteria Reference Section</b>  |
| OFI-04   | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 2.3-I#5 and 10.1 - #2&#3 |
| <p>USFS has recently issued a clear policy directive that no trees will be cut by logging contractors without first being marked by Forest Service personnel. Previous practices allowed for some discretion by the sale administrator in special situations.</p> <p>One observation was noted that may indicate timber markers could be marking too many trees so that mechanized equipment can effectively operate, without requiring additional marking by Forest Service sale administration personnel.</p> <p>CNNF staff may want to work closely with timber markers to make sure that timber marking is consistent with the management prescriptions.</p> |   |
| <b>Client Response</b>   |   |
| <p>The CNNF Timber Sale and Silviculture staff is planning a training session on this topic.</p> <p><i>(Ms. Anne Archer, February 16, 2007)</i></p>  |   |
| <b>PwC Response</b>  |   |
| <p>PwC has reviewed and accepted the client response to this Opportunity for Improvement. The status of this Opportunity for Improvement remains OPEN.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>   |   |

## OPPORTUNITIES FOR IMPROVEMENT SFI Standard [2005-2009 Edition]

| Evaluation Information  |   |
|---|---|
| Evaluatee Organization: US Forest Service   | Date: November 4, 2006  |
| Department/Branch: Chequamegon-Nicolet National Forest  | PwC Client Code: 70-08-63142-72-004   |
| Evaluatee Representative: Ms. Anne Archie   | Evaluation Team Leader: Don Taylor  |
| Evaluation Finding N°   | Evaluation Criteria Reference Section                                       |
| OFI-05  | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 2.3 - #4, #5, #7 |
| <p>CNNF consistently conducts pre-harvest conferences with its timber purchasers. However, the Timber Sale Administrator (TSA) may or may not meet with the purchaser or logging operator on the ground prior to initial logging activities, which occasionally results in minor problems.</p> <p>CNNF may want to consider requiring that a pre-harvest meeting should take place on the timber sale site with the logging operator prior to any active logging.</p> |   |
| Client Response   |   |
| <p><b>Forest Response:</b> The CNNF will work to schedule most timber sale pre-harvest conferences on the timber sale site. TSA personnel will continue to discuss and review with the purchaser or purchaser representative the operational requirements for each payment unit when it is requested to be released for logging. This is in addition to the pre-harvest conference.</p> <p><i>(Miss Anne Archie, February 16, 2007)</i></p>                           |   |
| PwC Response  |   |
| <p>PwC has reviewed and accepted the client response to this Opportunity for Improvement. The status of this Opportunity for Improvement is CLOSED.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>   |   |

## OPPORTUNITIES FOR IMPROVEMENT SFI Standard [2005-2009 Edition]

| <b>Evaluation Information</b>   |   |
|---|---|
| Evaluatee Organization: US Forest Service   | Date: November 4, 2006  |
| Department/Branch: Chequamegon-Nicolet National Forest  | PwC Client Code: 70-08-63142-72-004                                 |
| Evaluatee Representative: Ms. Anne Archie   | Evaluation Team Leader: Don Taylor                                  |
| <b>Evaluation Finding N°</b>  | <b>Evaluation Criteria Reference Section</b>                        |
| OFI-06  | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 10.1-I#3 |
| CNNF may wish to consider developing a centralized training tracking system at either the forest level or district level to monitor all training needs.   |   |
| <b>Client Response</b>  |   |
| <p><b>Forest Response:</b> There are processes in place that track certain types of training through AGLEARN. It is the intent of this system to transition over time to all training needs; however, it is not known at this time, if the system will meet the needs of various certification programs which require the combination of training and certain types of documented work experience.</p> <p><i>(Ms. Anne Archie, February 16, 2007)</i></p> |   |
| <b>PwC Response</b>   |   |
| <p>PwC has reviewed and accepted the client response to this Opportunity for Improvement. The status of this Opportunity for Improvement remains OPEN.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>  |   |

## OPPORTUNITIES FOR IMPROVEMENT SFI Standard [2005-2009 Edition]

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|---|--|
| Evaluatee Organization: US Forest Service   | Date: November 4, 2006   |
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| Evaluatee Representative: Ms. Anne Archie   | Evaluation Team Leader: Don Taylor                                   |
| <b>Evaluation Finding N°</b>  | <b>Evaluation Criteria Reference Section</b>                         |
| OFI-07  | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ 3.2 - #4, |
| <p>CNNF does a good job overall in the protection of streams and water bodies. However on one tract a small vernal pool was included in a harvest area which was not clearly excluded for any mechanical equipment restrictions.</p> <p>CNNF may want to take more protective measures for the identification and classification of those pools that are significant and to clearly identify and place them on the purchasers map for added protection.</p>   |  |
| <b>Client Response</b>  |  |
| <p><b>Forest Comments:</b> The Forest does not agree with this observation. The Forest Plan does identify the significance of vernal pools (ephemeral ponds on FP page 2-15 under the topic woodland ponds). Ephemeral ponds smaller than one acre (which covers the pool identified in the field) have the following guidelines: 1) Do not operate heavy equipment in woodland ponds; 2) Locate landings and roads to avoid erosion and the contribution of sediment into woodland ponds; 3) Do not allow logging slash in the woodland ponds. However, selected trees may be dropped and left in ponds where large woody debris would enhance aquatic habitat; and 4) Prohibit the operation of heavy equipment during non-frozen condition within 15 feet of the normal high water mark. The Forest Plan guidelines for vernal pools were followed in this specific case: Trees were not marked adjacent to the pool, no roads/landings were located adjacent to the pool and there was no evidence of heavy equipment in or near the pool (nor would it be likely with the trees not being marked adjacent to the pool). Ephemeral ponds larger than one acre and permanent ponds have a different set of guidelines that are found on page 2-15 in the Forest Plan.</p> <p>From the field discussion and draft evaluation report, it appeared the evaluators had a personal preference to have all vernal pools identified with a specific painted boundary line. The sale administrator is responsible for approving landing and skid trail locations while insuring only designated trees are harvested. Given the Forest Plan guidelines and control by sale administrators, the Forest believes accidental impacts are unlikely and vernal pools are adequately protected without a painted boundary line in the field. In addition, a common practice is to incorporate many vernal pools into reserve areas which are delineated on the ground and on the timber sale map.</p> <p>Placing all vernal pools on purchaser's maps would be unrealistic in many cases due to the sheer number of small pools. The Forest feels that on-the-ground effects are the ultimate benchmark. In this case, trees were left unmarked adjacent to the pool and there was no evidence of any road, landing or skid trail adjacent to the pool indicating that Forest Plan guidelines are being followed with regards to vernal pools. The Forest feels this observation is not warranted as guidelines are in place and being followed.</p> <p><i>(Ms. Anne Archie, February 16, 2007)</i></p> |  |
| <b>PwC Response</b>   |  |
| <p>PwC has reviewed the CNNF response. This is an opportunity for improvement and therefore does not require action to be taken by CNNF on the finding.</p> <p><i>(Don Taylor, April 15, 2007)</i></p>  |  |

## OPPORTUNITIES FOR IMPROVEMENT

### SFI Standard [2005-2009 Edition]

| Evaluation Information   |   |
|--|---|
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| Department/Branch: Chequamegon-Nicolet National Forest   | PwC Client Code: 70-08-63142-72-004   |
| Evaluatee Representative: Ms. Anne Archie  | Evaluation Team Leader: Don Taylor  |
| Evaluation Finding N°  | Evaluation Criteria Reference Section   |
| OFI-08   | Standard and Clause N°: SFI Standard [2005-2009 Edition] @ Objective 2, Performance Measure 2.4 |
| <p>In the future, CNNF may not be able to implement its forest health management plans on a timely basis due to long planning periods necessitated by the NEPA process, further appeals and litigation. CNNF has approved projects that are active, however, three project areas, representing the next several years of forest management, are currently tied up in lawsuits.</p>   |   |
| Client Response  |   |
| <p>Corrective Action Taken (if applicable, attach supportive documentation):</p> <p><b>Forest comments:</b> The Forest is proactively protecting the ecosystem from damaging agents including: aggressive oak wilt treatment, gypsy moth slow the spread treatments, non-native invasive species treatments/controls, spruce decline/two lined chestnut borer salvage, hazardous fuels treatments, planting of blister rust resistant planting stock, use of alternative silviculture techniques to reduce impacts of blister rust and white pine tip weevil, etc. Litigation on our NEPA decisions have prevented the desired level of thinning/selection harvests in northern hardwoods, but many other forest types (pine, spruce, aspen), covered by other NEPA decisions, are being implemented. The Forest has also reacted to litigation with revamping our cumulative effects analysis. The litigation has reduced the Forest timber sale offer to about 75% of what we had hoped. This 25% reduction is mainly in the hardwood areas which are likely to suffer from reduced growth potential on the best trees but not to the point of causing significant forest health issues. Fewer hardwood timber sales do have some localized economic impacts. Impacts are due to circumstances beyond the control of the CNNF. The CNNF continues to analyze new hardwood treatment areas in accordance with the Forest Plan and adopting a revamped cumulative effects analysis (original cumulative effects analysis was identified as a weakness by the judge)</p> <p><i>(Ms. Anne Archie, February 16, 2007)</i></p> |   |
| PwC Response   |   |
| <p>PwC agrees with the CNNF response. The status of this Opportunity for Improvement remains OPEN.</p> <p><i>(Don Taylor, April 5, 2007)</i></p>   |   |

SFI Standard [2005-2009 Edition]  
Test Evaluation  
April 5, 2007

## **Appendix C – Observations on the CNNF Environmental Management Systems Project**

## Observations on the CNNF Environmental Management System Project

PricewaterhouseCoopers was requested to conduct a high-level review of CNNF's Environmental Management System (EMS), and to provide observations on the EMS structure and its application to forest certification. The following is a summary of the observations:

### Profile of the Current EMS Project

CNNF is in the initial stages of an EMS pilot project that will be administered at the region level. An implementation team has been formed within the CNNF and regional organizations to work with EMS consultants that are assisting CNNF. The EMS team has determined that the EMS will be best applied in the Forest Planning Process and subsequent forest plan amendments. In order to get started, the EMS team decided to select two environmental aspects on which to focus and get their EMS implemented. The two aspects chosen are (1) executing timber harvests for Northern Hardwood interior forest restoration, and (2) Potable Water for Campgrounds. Future plans are for the EMS team to select additional environmental aspects and expand the scope of the EMS over time. The team has made significant progress in EMS awareness training, process training, aspect training, and initial development of an EMS framework. Interviews indicate that metrics to measure progress in the selected environmental attributes have not yet been established.

### Application of EMS to Certification

We were asked to address the question, "What role would a fully functional EMS play if the USFS made the decision to seek forest certification?" If an organization has a functional EMS at the forest management/operational level, it would become the management framework within which forest certification would be administered. Forest certification standards such as SFI and FSC both contain continual improvement aspects, which is consistent with an EMS. The CNNF EMS would be highly compatible with SFI since the SFI program was developed using the ISO 14001 framework and requires ISO 14001 accredited auditing firms to provide independent third-party certification services. If an EMS is to be used to manage a forest certification program, the participating organization would usually include all aspects of the certification standard under the scope of the EMS. This leads to the following observations of the CNNF's EMS project:

- An EMS enables an organization to systematically manage its environmental matters through a continual cycle of planning, implementing, reviewing, and improving the processes and actions that an organization undertakes to meet its business and environmental goals. The USFS has not yet determined the ultimate objective and scope of the EMS and the corresponding level of resources necessary to implement and maintain it. An EMS of any size can require a substantial investment of resources and once implemented can be expanded to manage a significant portion of the USFS forest management functions.
- The USFS is required to conduct its operations under a myriad of laws and regulations. For example, the NEPA process is central to the implementation of any significant management project in the forest. The NEPA process includes an environmental impacts analysis where a broad array of environmental aspects are considered through a process of multidisciplinary and interdisciplinary analysis. These analyses consume a large amount of time and resources to complete and an EMS may help to improve the communication efficiency and identify new processes, therefore reducing the overall time to complete the work and possibly contributing to the management of risks.

Based on our experience in certifying Environmental Management Systems in a wide variety of organizations, including governments, a common implementation challenge is the decision to make the EMS a sideline program rather than integrating it with the operational activities of the organization. In many resource management organizations, the EMS is not only the environmental management system, but is central to all resource decisions because environmental evaluation, regulatory compliance, and certification compliance have become a core element of most operational decisions. The EMS can be an excellent tool to ensure regulatory compliance and responsible natural resource decisions, and may provide an extra layer of credibility to the organization's management plans and operational performance. It is our understanding that the Environmental Protection Agency is promoting a concept of "regulatory flexibility" for operations with a functioning EMS, where regulatory monitoring and reporting may be somewhat relaxed.