



2200 Powell Street, Suite 725
Emeryville, CA 94608
Tel: 1 510 452 8000
Fax: 1 510 452 8001
<http://www.scs-certified.com>
SCS contact: Aaron Maizlish
Tel: 510 452 8005

Scientific Certification Systems – Forest Conservation Program

Forest Stewardship Council Chain of Custody Certification Report for:

Indiana Department of Natural Resources-Division of Forestry¹

SCS-COC-002041

Type of Audit: Evaluation
(Evaluation, Surveillance, Expansion, Re-Evaluation)
Year of Audit: 2008

Date Report Finalized²: December 11, 2008
Date of Certificate Issuance: Pending

Chain of Custody Administrator: Carl Hauser
Company Street Address: 402 W. Washington, Room W296
Zip or Postal Code: 46204
City, State, Country: Indianapolis, Indiana USA
Phone: 317-232-4144
Fax: 317-233-3863
Email: chauser@dnr.in.gov
Website: www.in.gov/dnr/forestry

¹ As it appears on the certificate and in the FSC database.

² Spell out months on all date fields in report.

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ANNEX 1: ADDITIONAL GENERAL REQUIREMENTS

SUPPLEMENTALS (check all that apply)

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SECTION 1 – Company Wide Information

PART 1A: Audit Specifications	
Audit Summary	
Audit Type:	<input checked="" type="checkbox"/> Evaluation <input type="checkbox"/> Annual Surveillance <input type="checkbox"/> Expansion of Scope <input type="checkbox"/> Re-Evaluation <input type="checkbox"/> Other
Date(s) audit conducted:	July 29, 30, 31; Oct 28, 29
Lead Auditor:	Franklin S. Judd
SCS report reviewer:	Dana Katz
Scope of Certificate: Logging, hauling, and primary sawmill manufacturing. <small>As it should appear on the certificate.</small>	
Language of Certificate <input checked="" type="checkbox"/> English <input type="checkbox"/> French <input type="checkbox"/> Other: <input type="checkbox"/> German <input type="checkbox"/> Spanish <input type="checkbox"/> Dutch <input type="checkbox"/> Portuguese	
Is the company certified against, or interested in, any other SCS Certification programs? <input type="checkbox"/> FSC Forest Management <input type="checkbox"/> Dual FSC - SFI Chain of Custody Certification <input type="checkbox"/> Material Content – Recycled Content <input type="checkbox"/> Indoor Air Quality <input type="checkbox"/> Sustainable Choice <input type="checkbox"/> Other: Notes:	

PART 1B: Certificate Specifications

Type of Certificate

Type of certificate:

Standard
 Multi- Site
 Group
Per 40-003 Per 40-002

Number of sites included in certificate:

If more than one, complete Site Supplemental for each site, and attach a complete list of all sites in Appendix.

Undetermined at the time of audit; the maximum number of sites included in the contract is: 36 loggers/hauler and 30 small sawmills.

Size Class and Summary of Processes

Company must disclose annual sales of all products containing wood fiber. This information is used for the purposes of calculating the AAF (Accreditation Administration Fee) for the FSC. The information is treated as confidential.

Companywide AAF Class:

In US Dollars

<input type="checkbox"/>	I:	<\$200,000
<input type="checkbox"/>	II:	\$200,000 to \$1,000,000
<input type="checkbox"/>	III:	\$1,000,000 to \$5,000,000
<input checked="" type="checkbox"/>	IV:	\$5,000,000 to \$25,000,000
<input type="checkbox"/>	V:	\$25,000,000 to \$100,000,000
<input type="checkbox"/>	VI:	>\$100,000,000

The scope of this certificate includes the following:

Click all that apply

Trading Only:

<input type="checkbox"/>	Desk:	Trades in product <u>without</u> physical possession
<input type="checkbox"/>	Wholesale:	Distributes product <u>with</u> physical possession
<input type="checkbox"/>	Retail:	Sells to end-user with physical possession

Manufacturing:

<input checked="" type="checkbox"/>	Primary:	Company uses round wood (logs) as inputs or pulp or paper milling
<input type="checkbox"/>	Secondary:	Company does not use round wood as inputs nor does pulp or paper milling
<input type="checkbox"/>	Printing:	Secondary manufacturing of Printed Material

Standards Used in Assessment

Check all that apply

Current:

FSC-STD-40-004 v2 **“New” Chain of Custody Standard**

Optional:

Attach supplemental reports.

<input checked="" type="checkbox"/>	FSC-POL-40-002	Policy on Group Certification
<input type="checkbox"/>	FSC-STD-40-003 v1	Multi-Site Standard
<input type="checkbox"/>	FSC-STD-40-005 v2-1	Controlled Wood
<input type="checkbox"/>	FSC-STD-40-007 v1	Sourcing of Reclaimed Material

Supplemental Information for Certificates with Multiple Sites		<input type="checkbox"/> N/A Skip section
Summary of the sites included in the certificate, by number of facilities, their relationship to each other, and their function: e.g. manufacturing, warehouse, retail outlets, etc.	Sites to be included will have fifteen or fewer employees. Site will either be loggers/haulers or small sawmills located in the State of Indiana and be members of the Indiana Group Certificate.	
Are there other sites owned by the Company that are not included on the certificate? If yes, indicate whether company understands and acknowledges that certificate may not be used for material handled at uncertified locations.	<input type="checkbox"/> No (all sites are covered) <input type="checkbox"/> Yes Remarks: This is a group certificate; N/A	
Are more than one legal entity covered by this certificate? If yes, then this must be reviewed and approved by SCS staff.	<input type="checkbox"/> No, all sites are part of one legal entity <input type="checkbox"/> Yes, there are multiple legal entities, all owned by one holding company or with an identical ownership structure <input checked="" type="checkbox"/> Yes, there are multiple ownerships, and this has been approved by SCS staff	
If more than one legal entity, provide here the AAF class for each entity covered by the scope of the certificate. Place summary here, and detail if necessary in Appendix.	See At. 4, Contract between SCS and the Group Entity. <input checked="" type="checkbox"/> N/A	
How are site audits selected:	Standard Certificate <input type="checkbox"/> All sites are audited Company conforms to Annex II of 20-011 Multi-Site Certificate <input type="checkbox"/> All sites are audited <input checked="" type="checkbox"/> Company conforms to 40-003 or 40-002 sampling requirements. Central Office procedures, Internal Audits, and Multi-Site/ Group Administration are satisfactory and allow SCS to employ risk-based sampling.	
If risk-based sampling, how many sites were selected for audits based on SCS procedures?	Central Office plus up to 66 sites, but final number undetermined at the time of audit.	
List here, or indicate in an annexed list of sites, all of the sites audited: Include Additional Site Supplemental report for <u>each</u> site audited.	None, but the list of audited and current sites will be maintained by SCS and the Group Entity; and Supplemental Site reports produced.	

PART 1C: Overview of Company

General description of Company, their history, products and processes:

The description should summarize the products on the company FSC product group list, and describe the process from the point at which the company takes possession of certified material, through inventory, processing, outsourcing (if any), manufacture, labeling, and sale up to the point that certified product leaves the company's control.

Note: If procedures vary for different set of sites, describe independently.

The Group Entity is State of Indiana, Department of Natural Resources, Division of Forestry (DOF). Within Indiana, there are 180,000 acres of FSC certified Indiana State Forests (state owned). Additionally, there are approximately 500,000 acres of privately owned "Classified" forests which are in the process of becoming FSC certified; they have undergone an FM audit by SCS in October, 2008, with initial positive results. These forests have previously been certified under the ATF (American Tree Farm) system.

The DOF has determined that to supply the market for the FSC certified timber in these forests, a network of FSC CoC loggers/haulers and small sawmills must be FSC CoC certified. These companies harvest and perform the primary processing on most of the timber coming from the FSC certified (and additional soon to be certified) lands. Since the bulk of all these entities employ fifteen or fewer employees, the State requested SCS to develop a proposal to establish a Group Certificate for these smaller firms, with the Indiana DOF serving as the Group Entity. SCS did prepare a proposal, which has been accepted in the form of a State of Indiana contract to certify this group of small loggers/haulers and small wood processors.

The loggers/haulers must bid on DOF timber sales. It is designated in state contracts that all timber in the sale is FSC certified. Timber will be harvested according to the terms of the contract. Loggers and haulers will deliver the FSC logs to receiving sawmills, concentration yards, veneer mills, and other customers. When delivering to FSC CoC customers, all shipping and invoice documentation will be compliant with this standard and the firms FSC CoC procedures.

The small sawmills will receive all FSC logs according to the established Group Member procedures. All logs will be stored segregated from all other non-certified logs. Volume, processing, and conversion documentation for all FSC production will be recorded as specified in the Group Member procedures. Most logs will be sawn into lumber; some logs may be resold to other yards or veneer log buyers. All shipments and sales will be documented with compliant transportation and invoicing documentation.

Some sawmills may use outsourced contractors for the specific purpose of kiln-drying lumber and possibly surfacing or treating. This will be covered by Outsourcing Contracts, as specified in the Group Member procedures. Group Members will not be on-product labeling.

SECTION 2: Conformance to Standard

Section 2 provides information about the activities undertaken by company at the site level. This section is designed to demonstrate systematic conformance to the FSC-STD-40-004 v2. Complete the following information as it applies to the primary site that is associated with the certificate. If the company takes physical possession of FSC material at more than one facility, then the Additional Site supplemental must be completed for each additional facility audited.

Sections of FSC-STD-40-004 v2.0 are referenced below.

The following Section 2 applies to:

- A standard certificate with only one site**
- Site # 1 of of a standard certificate**
Attach Additional Site Supplemental(s) for other sites
- The Central Office or primary facility of a multi-site certificate**
Attach Additional Site Supplemental(s) for other sites
- The Group Administrator of a Group Certificate**
Attach Additional Site Supplemental(s) for other sites

PART 2A: Site-Specific Information	
Site name and location: If same as corporate-level information, write "same."	Same
Contact person on-site: If this is the same person as the overall COC administrator, write "same".	Carl Hauser
Does this contact person have overall responsibility for COC program administration? Std. Ref. 1.1.1	Findings: Ref. At. 1 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of Facility: e.g. Sawmill, Paper mill, Lumber Broker, Wholesaler, Retailer, Distribution Facility, Warehouse, Paper Converter, Printer	Group Entity central office.
Product Categories of wood/ fiber/paper purchased by site: e.g. logs, pulp wood, green lumber, KD lumber, MDF, plywood, molding, furniture, chips, pulp, paper, semi-finished goods	Sales of logs from Indiana State Forests are contracted at this site.
Approximate quantity of all wood/ fiber/paper purchased and sold by site over previous 12 months (evaluation audit): Include units: volume, dry weight, or number of pieces as appropriate.	Approx. Quantity Purchased: None Approx. Quantity Sold: 12 Million Board Feet, Doyle scale (Sales of the Group Entity, not of the Group Certification). <input type="checkbox"/> N/A, surveillance audit
Approximate quantity of FSC wood/ fiber/paper purchased and sold by site over previous 12 months (surveillance audit): Include units: volume, dry weight, or number of pieces as appropriate.	Approx. Quantity Purchased: Approx. Quantity Sold: <input checked="" type="checkbox"/> N/A, evaluation audit
Number of workers, including contractors Indicate if this is companywide or for one site only.	DOF employment is 176, this is state wide.

Name and certificate code of all FSC suppliers:	SCS-COC-FM/COC 00099N (of Group entity)
Other comments about site:	This is an office, the site of the Group Entity central office.

PART 2B: Quality Systems

Documented Control System

Company maintains written procedure/work instructions (Documented Control System) which covers all elements of the COC system. <small>Ref Cit. 1.2.1</small>	Findings: Ref. At. 2, Group Member DCS <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Copy as Appendix or email to SCS (required for evaluation audits)
Personnel are assigned for each procedure and this information is current. <small>Ref. Cit. 1.2.2</small>	Findings: Ref. At. 2, 1. Quality Management 1.1 and Ap. B-1 FSC CoC Group Member Procedures for Quality Control. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Training

Names and titles of staff interviewed in the audit:	Jack Seifert, State Forester, State of Indiana, DOF Carl Hauser, Forest Certification Coordinator, State of Indiana, DOF Approximately 175 other personnel attended training seminars; Carl Hauser has the lists of attendees.
Does staff demonstrate sufficient awareness of the chain of custody procedures relevant to their position? <small>Ref Cit. 1.1.2</small>	Findings: The staff has successfully undergone FSC FM/CoC audits previously, and is fully aware of CoC procedures relevant to their position. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The COC administrator maintains records of staff training. <small>Ref Cit. 1.3.1 and 1.3.2.</small>	Findings: Ref. At. 2, Quality Management 1.3 Training; and At. 1, Ap.B-1, records of training. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Recordkeeping

Records are/will be retained for at least five years. <small>Ref Cit. 1.4</small>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Findings: Ref. At. 2, Quality Management 1.4 Records.
How are records maintained? <small>e.g. computer query, paper files, within individual departments, prepared for auditor in advance of audit.</small>	The DOF maintains all records on its computer system and in paper files. Individual Group Members will establish paper files for all FSC transactions and, if available to that group member, maintain supporting information in their computer system.

Part 2C: Material Sourcing

For evaluation audits, indicate whether the company understands these requirements and has appropriate procedures/systems in place

Description of company procedures for purchasing: <small>e.g. Generation of Purchase Orders Post-consumer reclaimed material inputs</small>	Group Members will be purchasing either directly from the Indiana DOF by contract, or from loggers/haulers harvesting FSC Indiana state timber through purchase agreements. Ref. At. 2, 3. Material Sourcing 3.1 Input Specifications.
Company maintains a record of all suppliers including: a) Name and contact b) Product type c) Material category d) CoC or CW code (if applicable)	Findings: Ref. At. 2, 3. Material Sourcing 3.2, Supplier Validation. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Company periodically verifies the validity of suppliers' FSC certificates.	Findings: Ref. At. 2, 3. Material Sourcing 3.2 Supplier Validation. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Purchase orders, receiving documents, and/or vendor invoices were reviewed, and contain sufficient information to ensure the integrity of the Chain of Custody, and associated claims. <small>Indicate level of compliance and which documents were reviewed.</small>	Documents Reviewed: Contract for timber purchase from the State of Indiana, DOF At. 6; and Bid Request for the timber purchase from the State of Indiana, At. 5. CAR 2008.1 , Timber not designated as FSC certified and FSC Claim not included on either to Bid or Contract. Observations: Contract specification in the State of Indiana, DOF contract are sufficient to ensure the integrity of the FSC CoC system and associated claim (FSC Pure). CAR 2008.1 .
Does/will the company use non- FSC certified inputs in FSC products? This pertains to wood/fiber/paper products only. Attach appropriate checklists. Ref. Cit. 3.3	<input checked="" type="checkbox"/> No, all wood/fiber/paper in product is FSC Certified <input type="checkbox"/> Yes, verifies reclaimed material per FSC-STD-40-007 (checklist attached) <input type="checkbox"/> Yes, FSC Controlled Wood is purchased from vendors <input type="checkbox"/> Yes, controls non-FSC certified material per FSC-STD-40-005 (checklist attached) <input type="checkbox"/> Yes, minor components of product are not FSC-certified (see Part 3E) Observations: All timber addressed in the system is FSC pure, with no uncertified inputs.
Does/will the company generate raw material on site for use in FSC Project Groups?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, describe:
Is the company correctly identifying the FSC claim for material generated on site? <small>Ref. Cit. 3.4.1 (a, b) and 3.4.2</small>	Findings: Ref. At 2, 2 Scope of Chain of Custody System 2.1. DOF contract and bid forms, however, do not: CAR 2008.1 . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

PART 2D: Receipt and Storage of Material

For evaluation audits, indicate whether the company understands these requirements and has appropriate procedures/systems in place

Description of company procedures for receiving: Material quantity, quality, Material Category with specific FSC percentage or credit claim if applicable, and supplier COC number. Ref Cit. 4.1.1	Each Group Member will set up its own receiving procedures as stated in At. 2, 4. Material Receipt and Storage. This must be fully compliant with the standard as audited by the Group Entity.
Description of Company inventory system as it applies to FSC materials: Including computer and/or non-computer tracking systems. Ref Cit. 4.2.1	Each Group Member must comply with the requirements for Receiving, At. 2, 4. Material Receipt and Storage, and 4.1 Identification of Input: a.-f.
Description of segregation procedures or marks (to be) used to track certified product and associated claims: Ref Cit. 4.2.1	Each Group Member must develop a system to clearly identify and segregate all FSC logs and lumber: Ref. At. 2, 4. Material Receipt and Storage 4.2 Segregation of FSC Material.
Do inputs arrive already labeled with FSC logos or with the logos of competing programs? If so, does company verify the claim, remove incorrect FSC labels, and remove labels of non-FSC forestry conformity assessment schemes? Ref Cit. 4.3	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, describe company procedure:

PART 2E: Outsourcing

Outsourcing agreements must be in place if Company elects to use off-site subcontractors to process or handle certified material. Outsource facilities may not take legal ownership of the certified wood/paper product, but generally take physical possession. Examples of outsource facilities include commercial warehouses, kiln dryers, molding facilities, subcontracted printers, binders, and fulfillment centers.

N/A
 Review requirements with new clients, then skip section.

Description of outsourcing, including number of current outsourcers:	The only outsourcing included in the Group Certificate will be the kiln-drying of rough hardwood lumber as sawn by sawmills, and subsequent surfacing and/or treating. No current outsourced contractors have yet been engaged; Initial Evaluation. Ref. At. 2, Scope of Chain of Custody System 2.2 Outsourcing; and 12 Outsourcing 12.1-12.7.
Name and contact details of all relevant contractors:	N/A Initial Evaluation.
List any outsource facilities visited as part of this year's audit:	N/A Initial Evaluation

Overall assessment of Risk:	Company outsources a wide range of production <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Contractor applies FSC labels to material <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Contractor ships direct to customer <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No Contractors are across national borders <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Assessment of risk: There is no risk to the FSC Chain of Custody. All lumber to be kiln-dried by contractors will be stickered, dried, and prepared without any co-mingling with other lumber products at that site. Contractors may ship directly to end customers, and that is determined at the individual Group Member Level.
Are there signed outsourcing agreements on file for all contractors on FSC jobs (current and over previous year, if relevant)? Ref Cit. 12.1.c	Findings: Ref. At. 2, Scope of Chain of Custody System 2.2 Outsourcing; and Ap. B-12 CoC Certification Outsourcing Agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the company maintain ownership of material throughout processing? Ref Cit. 12.1 a, b	Findings: Ref. At. 2, 12 Outsourcing 12.1. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procedures for outsourced processing are covered by the company's Documented Control System? Note that if the outsourced company manufactures product, then the certificate holder is considered a manufacturer for the purposes of AAF. Ref. Cit. 12.1.d	Findings: Ref. At. 2, 2. Scope of Chain of Custody System 2.2 Outsourcing; and 12, Outsourcing 12.1-12.7, and Ap. B-12, CoC Certification Outsourcing Agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The contractor/outsourcer has internal controls to ensure traceability, and written records are maintained? Ref. Cit. 12.2.1	Findings: Ref. At. 2, 12. Outsourcing 12.1 Preconditions for Outsourcing and 12.2 Maintaining traceability and paper trails; and Ap. B-12, CoC Certification Outsourcing Agreement. <input type="checkbox"/> Yes <input type="checkbox"/> No
Responsibility for logo use and invoicing is maintained by certificate holder?	Findings: Ref. AT. 1, 12. Outsourcing 12.5 Labeling; and Ap. B-12, CoC certification Outsourcing Agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

PART 2F: Volume Control For evaluation audits, indicate whether the company understands these requirements and has appropriate procedures/systems in place	
For manufacturers (includes printers), does/will the company track conversion factors (e.g. spoilage, cut-off) for each FSC Product Group or FSC job. Ref. Cit. 5.1.1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A, explain: Findings: Ref. At. 2, 5. Volume Control 5.1 Conversion factors.

<p>The company has material accounting records for each FSC Product Group or FSC job, to ensure that the quantities sold with FSC claims are compatible with the input quantities, categories, percentage or credit claims and conversion factors.</p> <p>Input Records must include at least:</p> <ul style="list-style-type: none"> a) Invoice references b) Quantities (volume or weight) c) Material category and percentage or credit claim, if applicable <p>Output Records must include at least:</p> <ul style="list-style-type: none"> a) Invoice references b) Quantities (volume or weight) c) FSC claim d) Information to identify the product item in invoices e) Claim period or job order 	<p>Findings: Ref. At. 2, 2. Scope of Chain of Custody System 2.1 Product Groups.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Company has the means to provide (on demand) annual volume data for each product group as follows:</p> <ul style="list-style-type: none"> a. Inputs received b. Inputs used for production c. Inputs in stock d. Outputs in stock e. Outputs sold <p>Summary spreadsheets may be attached. Ref Cit. 5.2.2</p>	<p>Findings: Ref. At. 1, 1. Introduction 1.1 Eligibility; and At. 2, 1. Quality Management 1.4 Records.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

<p>PART 2G: Sales and Invoicing</p> <p>For evaluation audits, indicate whether the company understands these requirements and has appropriate procedures/systems in place</p>	
<p>Description of sales and invoicing procedure: Ref. Cit. 5.1.1</p>	<p>Loggers/haulers reselling logs will invoice directly to the FSC customer as described in At. 2, 6 Sales and Delivery, 6.1 Identification of Outputs Sold with FSC Claims. Sawmills as covered within the Group Certificate will invoice their FSC customer for sawn lumber and logs as similarly described.</p>
<p>Sales invoices (will) include the following:</p> <ul style="list-style-type: none"> a) name of company b) name and address of customer c) invoice date d) product description e) quantity sold <p>Attach invoice (mock-up invoice for evaluation audits). Ref. Cit. 6.1.1</p>	<p>Findings: Ref. At. 2, 6. Sales and Delivery 6.1 Identification of Outputs Sold with FSC Claims. Draft invoices will be attached to the procedures for each Group Member's procedures; At. 2, Ap. J.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

<p>f) Sales invoices (will) state company Chain of Custody or Controlled Wood code. Ref. Cit. 6.1.1.f</p>	<p>Findings: Ref. At. 2, 6. Sales and Delivery 6.1 Identification of Outputs Sold with FSC Claims: bullet point 6. Draft invoices will be attached to the procedures for each Group Member's procedures; At. 2, A. J.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>g) Sales invoices (will) clearly state the FSC claim associated with each line item. Correct claims include: FSC Pure, FSC Mixed xx%, FSC Mixed Credit, FSC Mixed xx%, xx% post-consumer recycled, FSC Recycled xx%, FSC Recycled Credit, and FSC Controlled Wood Note: For products which are <u>not likely to be further processed AND meet the labeling thresholds</u>, the company may elect to not transmit to their customers the percentage or 'credit' e.g. FSC Mixed, FSC Recycled. Ref Cit. 6.1.1.g</p>	<p>Findings: The FSC Claim will be FSC Pure. Ref At. 2, 4. Material Receipt and Storage 4.1 Identification of Input, d. e, and f.; and 6. Sales and Delivery 6.1 Identification of Outputs Sold with FSC Claims: bullet point 7.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Transport documentation includes (will include) the same information as above (a - g) when the invoice is not included with the shipment. Ref. Cit. 6.1.2</p>	<p>Findings: Ref. At. 2, 6. Sales and Delivery 6.1 Identification of Outputs Sold with FSC Claims: concluding paragraph.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>A random sample of sales invoices were checked to confirm that FSC outputs can be matched to FSC inputs: Annual audits only.</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA, evaluation audit</p>
<p>Indicate if company sells/ will sell products as "FSC Controlled Wood".</p>	<p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, company sells/will sell products from its percentage or credit system as FSC Controlled Wood <input type="checkbox"/> Yes, company makes repeating FSC Controlled Wood claims</p> <p>If yes, company must be in compliance with FSC-STD-40-005 and must only sell products to FSC chain of custody certificate holders for input into FSC Mixed Project Groups. Comments:</p>

PART 2H: FSC Trademark and Label Use

For evaluation audits, indicate whether the company understands these requirements and has appropriate procedures in place

Off-Product Claims	
Company website has conforming use(s) of FSC name and trademarks.	<p>Findings: N/A initial evaluation. There was no use of the FSC logo on the Indiana State DOF website as reviewed by this auditor.</p> <p> <input checked="" type="checkbox"/> N/A, no use of FSC trademarks on website. <input type="checkbox"/> Yes, use of FSC trademarks is in broad conformance <input type="checkbox"/> No, evidence of non-conformities were found </p>
Company brochures, advertisements, catalogs, etc. have conforming use(s) of FSC name and trademarks	<p>Findings: N/A initial evaluation. Use of the FSC logo on the DOF bid and contract are subject of the audit of the IDOF FM/COC audit by SCS, At. 6 and 7.</p> <p> <input type="checkbox"/> N/A, no use of FSC trademarks in promotional material <input type="checkbox"/> Yes, use of FSC is in broad conformance <input checked="" type="checkbox"/> No, evidence of non-conformities were found </p>
On-Product Claims	
Use / Intended Use of On-Product Logos Check all that apply.	<p>DISTRIBUTION:</p> <p> <input type="checkbox"/> Company trades in previously labeled product <input type="checkbox"/> Company assigns application of logos to vendor or other certificate holder, with prior approval by SCS </p> <p>MANUFACTURING:</p> <p> <input type="checkbox"/> Company manufactures and labels products <input type="checkbox"/> Company prints FSC logos on printed material </p> <p>NONE</p> <p> <input checked="" type="checkbox"/> Company makes reference to FSC in trade documentation only, and not on products </p> <p>Findings: The Group Members will not be On-Product labeling with the FSC logos.</p>
Only products that meet the requirements and thresholds for labeling (will) carry FSC on-product labels.	<p>Findings: Any product that may eventually be labeled, will be FSC Pure; however this is not included within the scope to this certificate.</p> <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>
Uses of FSC Labels on products are in compliance with FSC-STD-40-201	<p>Findings: N/A</p> <p> <input type="checkbox"/> Yes <input type="checkbox"/> No </p>

Approval of FSC on-product labels and off-product logos:.	<input type="checkbox"/> Yes, company uses SCS online approval system <input type="checkbox"/> Yes, company keeps record of approvals from SCS <input type="checkbox"/> No, Company has used the FSC label/trademarks but has no records of approval from SCS <input checked="" type="checkbox"/> N/A, company has not used the FSC label or trademarks Findings: N/A and initial evaluation
On-product labels which bear the company's FSC Chain of Custody certification code include:	<input type="checkbox"/> FSC-Pure (100%) <input type="checkbox"/> FSC-Mixed <input type="checkbox"/> FSC-Recycled <input checked="" type="checkbox"/> None Findings: No On-product labeling.
FSC on-product claims correspond to claims on invoices <small>Ref. Cit. 6.2.1</small>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A, no on-product labels Findings:
Products are not labeled or packaged with both FSC and competing forestry conformity assessment scheme labels (e.g. SFI, PEFC, CSA). <small>Ref. Cit. 6.2.2</small>	<p>The scope of this certificate only includes timber from FSC certified forests from the State of Indiana; Ref. At. 1. 1 Introduction 1.1 Eligibility. There is no opportunity to label of package any of this timber.</p>

SECTION 3: FSC Products

All companies: Include product group schedule as Appendix to report or by attachment. This requirement does not apply to companies still certified against the six principles or policy on percentage based claims until 1/1/09.

For distributors: Only the transfer system applies.

For manufacturers: FSC-Pure products are manufactured under the transfer system. FSC-Mixed and FSC-Recycled products may be manufactured under the system that best applies.

For printers: The transfer system will be used when only one stock of paper is used. Either the transfer or percentage system may be used when combining paper stocks with different FSC claims.

PART 3A: Product Groups

Company maintains an up-to-date product group list List main product groups here and copy complete list into Appendix. Product Group List must include: <ol style="list-style-type: none"> product's FSC claim product classification (UN code) species (if relevant) material categories of inputs control system used sites involved in manufacturing <small>Ref Cit. 2.1.1 and 2.1.2</small>	Findings: Ref. At. 2, 2 Scope of Chain of Custody System 2.1 Product Groups; and At. 2, Ap. B-2, blank Product Group Chart for each group member to execute. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Company maintains an up-to-date and publically available product group list, including a, b & c above. Ref Cit. 2.1.1 List here, or attach public product group list as Appendix	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																
	<table border="1"> <thead> <tr> <th>Product group</th> <th>UN Product Code <small>FSC-STD-40-004a</small></th> <th>FSC claim</th> <th>Species (if relevant) <small>FSC-STD-40-004b</small></th> </tr> </thead> <tbody> <tr> <td>Sawlogs</td> <td>UN 0312</td> <td>Pure</td> <td>Mixed Hardwoods</td> </tr> <tr> <td>Sawn lumber</td> <td>UN 0310</td> <td>Pure</td> <td>Mixed Hardwoods</td> </tr> <tr> <td>Veneer</td> <td>UN 3151</td> <td>Pure</td> <td>Mixed Hardwoods</td> </tr> </tbody> </table>	Product group	UN Product Code <small>FSC-STD-40-004a</small>	FSC claim	Species (if relevant) <small>FSC-STD-40-004b</small>	Sawlogs	UN 0312	Pure	Mixed Hardwoods	Sawn lumber	UN 0310	Pure	Mixed Hardwoods	Veneer	UN 3151	Pure	Mixed Hardwoods
	Product group	UN Product Code <small>FSC-STD-40-004a</small>	FSC claim	Species (if relevant) <small>FSC-STD-40-004b</small>													
	Sawlogs	UN 0312	Pure	Mixed Hardwoods													
Sawn lumber	UN 0310	Pure	Mixed Hardwoods														
Veneer	UN 3151	Pure	Mixed Hardwoods														
<input checked="" type="checkbox"/> Transfer system Applies to all companies certified for distribution or wholesale, and may also be used by manufacturers.																	
<input type="checkbox"/> Percentage system Applies to manufacturers who choose to employ this system.																	
<input type="checkbox"/> Credit system Applies to manufacturers who choose to employ this system. Does not apply to printers.																	
Company employs the following accounting systems in their product groups: Click all that apply.																	

PART 3B: Transfer System		<input type="checkbox"/> N/A Skip section
Description of Company use of Transfer system	<input type="checkbox"/> For distribution, wholesale, or retail only	<input type="checkbox"/> N/A Skip section
	<input checked="" type="checkbox"/> To manufacture FSC Pure Product Groups	
	<input type="checkbox"/> To manufacture FSC Mixed Product Groups (e.g. FSC Pure + FSC Mixed, FSC Mixed + FSC Mixed (with different % or credit claims), or FSC Mixed + post-consumer reclaimed)	
	<input type="checkbox"/> To manufacture FSC Recycled Product Groups (FSC Recycled and/or post-consumer reclaimed material)	
<input type="checkbox"/> To manufacture FSC Controlled Wood products for sale to CoC certified companies (all inputs are FSC certified and/or Controlled)		
The company employs the transfer system for: Ref. Cit. 7.1.1	<input type="checkbox"/> Specified Claim Periods Generally for continuing production runs of standard product	
	<input checked="" type="checkbox"/> Job-based Claims Production Runs are based on specific jobs, and the claim is calculated on a job by-job basis.	
The company has implemented procedures to determine the correct claim on outputs: Ref. Cit. 7.2.1 and 7.3.1	Describe: Ref. At. 1, 1. Introduction 1.1 Eligibility; And At. 2, 5. Volume Control 5.2 Material Balances and 5.3 Determination of FSC Claims.	
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

PART 3C: Percentage System		<input checked="" type="checkbox"/> N/A Skip section
Describe the system:		

<p>The company employs: Ref Cit. 8.1.1</p>	<p><input type="checkbox"/> Specified Claim Periods Generally for continuing production runs of standard product</p> <p><input type="checkbox"/> Job-based Claims Production Runs are based on specific jobs, and the claim is calculated on a job by-job basis or calculated based on inputs during the same claim period.</p> <p>Specified Claim Period is:</p>
<p>All inputs are recorded with the associated percentage or credit claim provided by the supplier. Ref. Cit. 8.2</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Company maintains written production records showing inputs, conversion rates, outputs, and claim periods/job orders, which were reviewed for accuracy. Ref. Cit. 8.3 and 8.4.</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Does company sell products with a percentage claim that are below the minimum labeling requirement?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, confirm that products are not sold with on-product labels and that sales documents include the percentage of FSC content:</p> <p>Findings:</p>
<p>Confirm that calculations of input percentages are carried out at the level of a single site (e.g. input at site A cannot be used to make FSC claim on product produced at site B)</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Does the company (intend to) sell products not sold with an FSC Percentage Claim as FSC Controlled Wood? Must be certified against FSC-STD-40-005 V2-1 and sell products with SCS-CW-##### code.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A, not certified against 40-005</p> <p>If yes, explain:</p>

<p align="center">PART 3D: Credit System</p> <p>The credit system may only be employed for the manufacturing of FSC-Mixed or FSC-Recycled products. The credit system may not be used by printers or traders.</p>		<p><input checked="" type="checkbox"/> N/A Skip section</p>
<p>Describe the system:</p>		
<p>The company maintains a credit account for each FSC Product Group, with specified claim periods of up to 3 months. Ref. Cit. 9.1.1</p>	<p>Claim period is:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

<p>All inputs are recorded with the associated percentage or credit claim provided by the supplier. Ref. Cit. 9.2.1</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Describe any conversion factors used for inputs into the credit account. Ref. Cit. 9.3</p>	
<p>Confirm that FSC credit is added to the Credit Account only after the company has gained legal ownership and the material category has been verified, and before the material has entered the production process.</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Describe how material is deducted from the credit ledger as outputs are labeled and/or sold. Ref. Cit. 9.4</p>	
<p>Describe how the company ensures that their FSC credit account is never overdrawn and that records of the remaining FSC credit are clearly visible to relevant staff and maintained updated at all times? Ref. Cit. 9.5.1</p>	
<p>Confirm that the company has implemented procedures to deduct any credit from the credit account that exceeds the sum of credit added during previous 12 months, at the beginning of each new claim period. Ref. Cit. 9.5.2</p>	
<p>Confirm that calculations of FSC credit are carried out at the level of a single site (e.g. credit from input at site A cannot be used to make FSC claim on product produced at site B)</p>	<p>Findings:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

PART 3E: Minor Components		<input checked="" type="checkbox"/> N/A Skip section
<p>In justified cases the <i>Company</i> may use inputs that cannot be positively identified as <i>eligible input</i> (FSC certified <i>Pure, Mixed, Recycled or Controlled, verified reclaimed or verified controlled</i>) in the manufacture of FSC Pure or FSC Mixed products. These minor components may constitute up to 1% of the weight or volume of the wood/fiber product, or up to 5% if a <i>derogation application</i> has been approved by FSC International.</p>		
Specification and volume control		
Description of the minor component, and the product in which it is used: Note that face veneers, and components made from CITES listed species do not qualify.		
Minor component constitutes the following percent (by weight or volume) of the wood/fiber in the product: If more than one minor component, specify percentage for each	%	Include here or attach calculations:
Company's justification for use of Minor Components:		
Provide Evidence that Company: 1. Declares that product has non-certified minor components on sales documents 2. Describes the minor component if it is visible. 3. Makes clarifying statement on any on-product claim.		
For minor components between 1% and 5%, company has a valid derogation on file. (see FSC-PRO-40-004: Minor components derogation applications)	<input type="checkbox"/> Yes	<input type="checkbox"/> No, in process
	Findings:	

SECTION 4: Evaluation Process and Conclusions

PART 4A: Site Inspection	
Auditor name(s) and qualification(s)	Franklin S. Judd, Lead Auditor Scientific Certification Systems BS Forestry/Wood Technology & MS Forest Resources/Forest Products, The Pennsylvania State University; former US Army Military Intelligence Officer; five years experience in FSC Chain of Custody market development, auditing, and product management; over twenty-five years of management in forest products manufacturing, procurement, marketing, and process development.
Description of the evaluation Including pre-evaluation, and whether Desk or Site Audit	<p>This auditor and the SCS CoC Director developed a risk assessment applicable for the scope of the proposed Group Certificate prior to SCS issuing an initial proposal to the DOF on May 12th, At. 3. Following that on May 27th, this auditor met with Jack Seifert and Carl Hauser in Indianapolis to review requirements for the DOF Group Certification. Also at this time, preliminary plans were established for three group seminars within the State to guide future Group Members in establishing their plans and procedures for certification. These pre-evaluation seminars were held July 29, 30, and 31 in three locations within Indiana: one each in northern, central, and southern Indiana locations.</p> <p>Following these seminars, this auditor examined a number of options and approaches that Carl was undertaking in preparing both a Group Entity Procedure and a Group Member Procedure/Template. This necessitated a number of reviews by this auditor followed by Carl eliminating potential Corrective Action Requests.</p> <p>Over the course of a concurrent event in Indianapolis, October 28 and 29, this auditor met with Jack numerous times to review the stage of the SCC initial evaluation of the DOF Group Certification. Following these meetings, Carl finalized both procedures. A final desk audit was conducted on Wednesday, Nov. 19th. That concluded the initial evaluation process.</p> <p>The next steps include the addition of Group Members under the Group Certification Certificate as described in At. 1, and as audited against At.2 and STD-COC-40-004 V2. Supplemental audits will be conducted as prescribed by STD-COC-40-002.</p>
Duration of Audit	<p>May 27, 2008; 2 ½ Hours July 29, 30, and 31, 2008; 3 Days October 28 and 29, 2008: 3 Hours Approximately 20 phone calls and 18 emails between this auditor and the two main points of contact listed above from May 1 to November 19, 2008.</p>

PART 4B: Observations

Assessment of risks:	There is negligible risk to the integrity of the FSC Chain of Custody within the Group Certification of the Indiana State Department of Natural Resources-Division of Forestry: Group Entity.
Evaluation of any corrective actions from previous audit: Discuss each thoroughly and annex evidence where appropriate	<input checked="" type="checkbox"/> N/A, evaluation audit
Corrective Action Requests: Major CARs must be closed by their stated deadlines in order to maintain certification. Minor CARs will be elevated to Major CARs if not closed on time.	CAR 2008.1 The Indiana DOF State timber sale Bid Proposal, At. 5, and Timber Sale Contract, At. 6, do not contain the FSC Claim. <u>Corrective Action:</u> Include within the body of these documents, or as referenced attachments, a statement qualifying the timber as FSC Certified and the FSC Claim. <u>Deadline:</u> For correction before the first sale of FSC certified timber. For verification at the next annual audit. <u>Ref. STD-COC-40-004 V2 6.1.1.</u>
Recommendations and Observations: Note: Recommendations are reviewed in the next annual audit, and may be elevated to a CAR.	None
Surveillance schedule: Please note any sites or requirements requiring attention at surveillance audits	Supplemental initial evaluations will be conducted by SCS as members are accepted and audited by the Group Entity, The Indiana DOF. These audits will meet the sampling standards as required by STD 40-002 and the requirements as set down in the existing contract between the DOF and SCS, At. 4.

PART 4C: Certification Decision

Statement as to whether the Company complies with the requirements of the standard(s) and the auditor's recommendation for (initial or continued) certification

The State of Indiana, Department of Natural Resources-Division of Forestry, the Group Entity, does comply with the applicable standards for Group Certification. It is the recommendation of this auditor that The Indiana DOF be awarded initial FSC Chain of Custody Group Certification.

Acknowledgement and agreement

I, Franklin S. Judd, representing Scientific Certification Systems, have executed the above evaluation and believe it to be accurate.

Franklin S. Judd

signature

November 19, 2008

date

I, Carl Hauser, of State of Indiana, Department of Natural Resources-Division of Forestry, have read the preceding report and find it to be accurate. I also agree to fulfill the conditions for certification according to issued decision and to requirements as stated in Annex 1.

signature

date

Annex 1

Additional general requirements

The company has been advised and hereby agrees to notify Scientific Certification Systems of any of the following material changes to the certification:

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

Appendix

Supporting documents, collected evidence. If submitted separately to SCS, list here what was sent

Attachments:

1. The Group Chain of Custody Certification Procedures for the FSC, Division of Forestry: (Group Entity) Procedures.
2. The Indiana Department of Natural Resources-Division of Forestry Group Chain of Custody Certification Procedures for the FSC: Group Member Procedures
3. SCS proposal to the DOF for Group Certification
4. Contract between SCS and the DOF
5. Bid proposal for DOF timber stumpage sale.
6. Stumpage contract for FSC timber from State Forest Land
7. Auditor Check List for STD-40-002