

Mid Carolina Forest Management Group Certification Documented Control System			
Document:	MCFMG-PROC-001 FSC Forest Management Group System Procedures	Last Revised: 02/28/2011	Version: 2

SCOPE

Mid Carolina Timber Company is a forestry consultant organization committed to the mission of promoting long-term responsible forest management strategies that improve the health of forest and freshwater ecosystems while increasing economic development in the communities where the forests they manage exist. Mid Carolina Timber Company provides Member services to small private forest landowners in South Carolina. Mid Carolina Timber Company is a Forest Stewardship Council (FSC) certified group manager to provide economic, conservation, and community benefits to the Members of Mid Carolina Forest Management Group. Mid Carolina Timber Company will take all operational responsibilities on behalf of Mid Carolina Forest Management Group Members.

The Mid Carolina Forest Management Group Operations Manual provides information regarding the operating structure, policies, and procedures of the program. This Operations Manual is intended to conform to the FSC Standards and other associated standards and procedures stated below. Detailed instructional guidance for Group members and their contractors is provided in the Operations Manual (MCFMG-PROC-002).

REFERENCES FOR CERTIFICATION

FSC-STD-30-005 (V1-0)	FSC standard for group entities in forest management groups
FSC-STD-01-001	FSC Principles and Criteria for Forest Stewardship
FSC-STD-01-002	FSC Glossary of Terms
FSC-STD-01-003	SLIMF Eligibility Criteria
	FSC-US Forest Management Standard (v1.0)

UNIVERSAL REQUIREMENTS

1. QUALITY SYSTEM REQUIREMENTS

1.1. General Requirements

- 1.1.1. Mid Carolina Timber Company is an incorporated business that is a full service forestry contractor. Mid Carolina Timber Company will serve as the Group management for the purpose of FSC forest management certification. Membership within the Group will be documented using the Group Membership Agreement (MCFMG-DOC-004). This agreement will be executed by the Group member and Group management.
- 1.1.2. Mid Carolina Timber Company and its Group members comply with relevant legal obligations. Mid Carolina Timber Company will be responsible for all costs of certification including, but not limited to, registration, membership and certification fees.
- 1.1.3. Mid Carolina Forest Management Group has a written public policy of commitment to the FSC Standards and Policies (MCFMG-POL-001). This policy is made available to the public upon request.
- 1.1.4. Mid Carolina Forest Management Group has defined the Group's training needs and has implemented training relevant to the implementation of the applicable FSC standards. Training is documented on the Group Training Record (MCFMG-DOC-007). Initial FSC standards and Group Manager training was conducted by a Forest Certification consultant. Subsequent training for Group members and Group management staff is conducted by the Group Manager or designee.

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1.2. Responsibilities

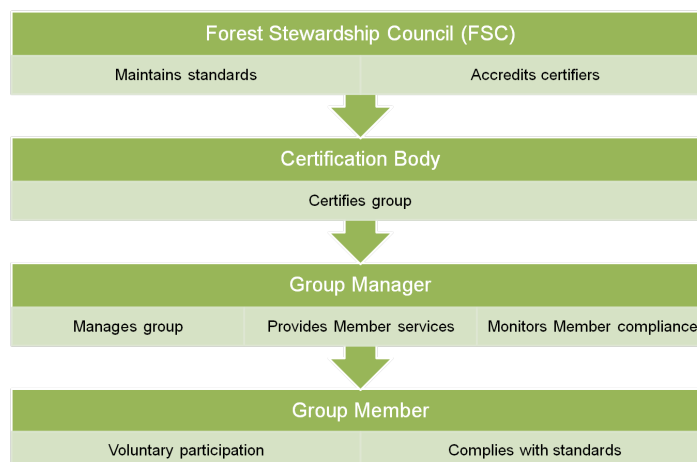
- 1.2.1. Mid Carolina Timber Company has management responsibility of the group certificate for compliance to the applicable FSC standard. Mid Carolina Timber Company is also responsible for the planning and completion of forest management activities (for example with respect to management planning, monitoring, harvesting, quality control, marketing, timber sale, etc) on behalf of the group member. In some cases Group members may have their own forester. It is not obligatory for Group members to use the Group’s forester as long as the Group member’s forest management is compatible with the FSC Principles and Criteria. Specific roles and responsibilities for Group management and Group members are described within the procedures of group certification.
- 1.2.2. Matthew Summers, Certification Manager, is appointed management representative as having overall responsibility and authority for the Group’s compliance with all applicable requirements of this standard.
- 1.2.3. Mid Carolina Timber Company staff and Group members have been trained and are knowledgeable of the Group’s procedures and the applicable FSC standard. Training is documented on the Group Training Record (MCFMG-DOC-007).

1.3. Group entity’s procedures

- 1.3.1. Mid Carolina Forest Management Group has written procedures for Group membership covering all applicable requirements of the FSC standard for group entities in forest management groups (FSC-STD-30-005 V1.0) including:

1.3.1.1. Organizational structure

The structure of FSC group certification involves FSC, the Certification Body, a Group Manager, and Group members. For this Group certification, Bureau Veritas, afterwards referred to as (BV) is the Certification Body; Mid Carolina Timber Company is the Group Manager; and the individual landowners are the Group members. Contracts and other documentation define the relationships between each level in the chain of responsibilities.



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Figure 1: FSC FM Group System Structure

1.3.1.2. Responsibilities of the Group entity and the Group members including main activities to fulfill such responsibilities

Mid Carolina Timber Company is responsible for maintaining and assuring compliance with the certification standard. Preferred Providers and all other contracted natural resource professionals are responsible for following the certification standard in their planning and operations and complying with Mid Carolina Forest Management Group policies on behalf of the Group Manager or their landowner clients. Mid Carolina Forest Management Group members are responsible for meeting the obligations defined in the Group Membership Agreement (MCFMG-DOC-004). BV is the accredited certifier who is responsible for assessing the Group's ability to assure compliance with certification standards throughout the Mid Carolina Forest Management Group program. The FSC is responsible for developing and updating the applicable regional standards for FSC certified forestry operations.

The table below provides a matrix of both general responsibilities for Mid Carolina Forest Management Group, Group Members, BV, service providers and FSC.

Table 1: General Roles and Responsibilities of Group Participants

	Group Manager	Group Member	Service Provider	Certification Body
Administration	Manages Group certificate; Maintains records	N/A	N/A	N/A
Agreements & Contracts	Creates & signs formal agreements with all parties (some Service Providers may sign directly with Group Members)	Signs Group Membership Agreement; May contract with Service Providers directly	Follows Operations Manual	Contracts with Group Manager
Policies	Develops Operations Manual & assures requirements are understood, followed & updated	Follows Operations Manual	Follows Operations Manual	N/A
Fees	Pays for cost of certificate	N/A (Pays Member fees, if applicable)	N/A	Charges for certification auditing fees
Auditing	Provides policies, procedures, records; complies aggregate data for group; represents group	Participates in audit, if requested	Participates in audit, if requested	Audits Group for compliance with FSC standards
Monitoring	Establish procedures; audits Group Members for compliance with FSC	Follows Operations Manual; participates in audits, if requested	Follows Operations Manual; Provides fee-based services	N/A
Communication	Provides central point of communication for Group; provides and maintains current Operations Manual	Communicates with Group Manager regarding activities, operations and needs; Completes annual reports and other reporting needs, as requested	Provides FSC compliant services	N/A
Training	Trains Group Management staff, Group Members and Service Providers	Participates in training sessions	Participates in training sessions	N/A

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1.3.2. Rules regarding eligibility for membership to the Group

Membership in Mid Carolina Forest Management Group is available to all private forest landowners in South Carolina, with the intent of serving landowners that do not possess the resources to pursue certification directly.

Eligible landowners must demonstrate a long-term commitment to meeting and maintaining the FSC standards in their forest management, both through the signing of the Group Membership Agreement (MCFMG-DOC-004), the content of their management plan, and their on-the-ground performance. Eligible landowners must also demonstrate a willingness and ability to understand and comply with Mid Carolina Forest Management Group policies and procedures.

1.3.2.1. Membership Duration

Mid Carolina Forest Management Group's FSC certificate has a duration of five years. After five years, a new assessment is conducted to qualify for another five-year contract. Group members can enroll at any time during the contract period. Once enrolled, landowners are strongly encouraged to remain committed for the remainder of the contract. If a landowner wishes to end his or her Group membership before the end of the contract, the landowner must reapply to be readmitted. Certificates and service agreements terminate the same day as the group certificate.

If ownership of the enrolled property changes, the Group membership does not automatically transfer to the new owner(s). If the new owner(s) are interested in retaining Group membership, a new service agreement can be established to keep the property certified, providing all other requirements are met.

1.3.2.2. Fee Structure

Mid Carolina Forest Management Group is subsidized by an interested third-party thus there are no initial or annual Group membership fees. Members may be responsible for costs associated with forest management planning, harvest operations, or other contract services.

1.3.3. Documented procedures for the inclusion of new Group members;

1.3.3.1. Group Membership Process

The first step in joining the Group is the completion of the Group Membership Application (MCFMG-DOC-002). This form outlines the basic requirements and specific responsibilities of Group membership.

The Group Manager shall evaluate every applicant for membership of the Group to ensure that there are no major nonconformities with applicable requirements of the FSC standard, and with any additional requirements for membership of the Group, prior to being granted membership of the Group.

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1.3.3.2. Group Membership Entrance

To enter the certified group, landowners are required to:

- Acknowledge acceptance of the terms and conditions of being a member of the Group by signing the Group Membership Agreement (MCFMG-DOC-004);
- Manage their forests in accordance with all applicable FSC standards and policies as described in the Operations Manual (MCFMG-PROC-002) provided to all applicants;
- Adhere to the management plan approved by Group Manager;
- Allow Group management assessors and/or Certification Body assessors to review forestry practices on their land and review documents pertaining to the management of their land anytime during the certification period with due notice;
- Notify Group Manager if there are any changes in the ownership or management of their land during the certification period;
- Comply with all conditions within the designated time frame.

1.3.3.3. The following schematic below outlines the process a landowner would go through to become a member of the Group.

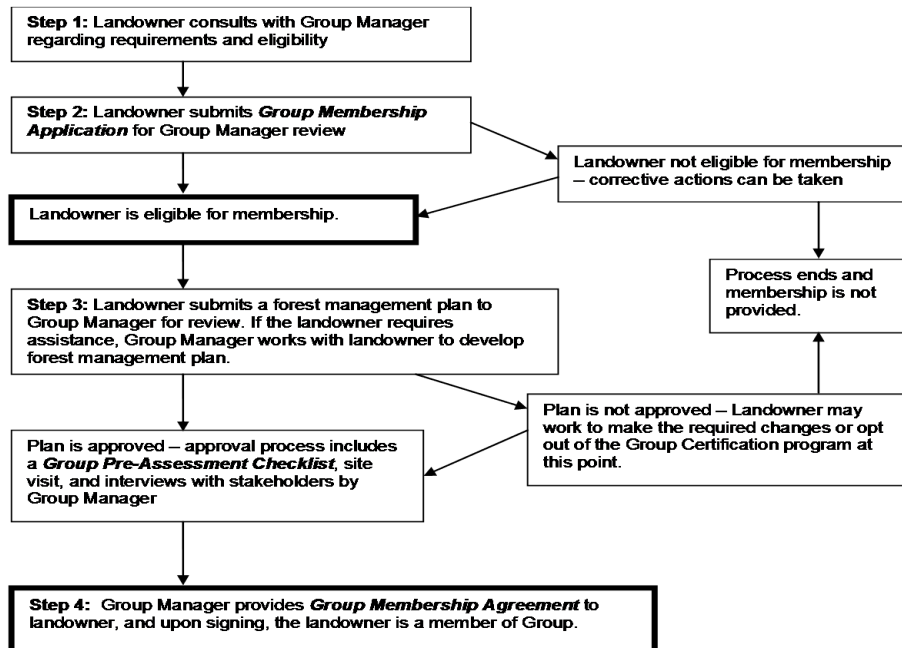


Figure 2: FSC Group Membership Application Process

1.3.4. Rules regarding withdrawal/ suspension of members from the Group

Landowners will be removed from the certified group if they:

- Request to be removed from the Group, giving at least 30 days notice;

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- Do not adhere to their management plan and the FSC standards;
- Refuse to allow Group management and/or Certification Body access to their land for monitoring or auditing purposes;
- Sell their property (see last paragraph of this sub-section).

Landowners that are exiting the group:

- Can no longer place any FSC or Group claim, logo, or chain of custody number on any product, invoice, or marketing material, or make any FSC certified sales;
- Must remove all FSC logos and claims from material associated with the property including, but not limited to, websites, advertising, letterhead, brochures, and maps;
- Will no longer receive the benefits of Group membership; and
- Must return their Group certificate.

The continuation of use of logos by the landowner (former Group member) on any paperwork, advertising or website constitutes a violation of the FSC trademark and may subject the landowner to legal action by FSC.

If a Group member sells the property, membership will terminate 10 days after entering into a contract of sale or upon transfer of title by deed, whichever occurs earliest. The buyer or grantee of the property may become a Group member and maintain the same property in the program if the seller and buyer/grantee notifies Group Manager in writing and agrees to comply with all applicable policies. The new owner must also agree to comply with the previous owner's management plan, as well as to make all necessary updates to the plan. All FSC certification documentation must be updated with the new owner's information within 60 days of the property disposition.

1.3.5. Clear description of the process to fulfill any corrective action requests issued internally and by the certification body including timelines and implications if any of the corrective actions are not complied with;

1.3.5.1. Raising a Corrective Action Request (CAR)

A corrective Action Request (CAR) is raised whenever a non-compliance with Group requirements is identified. This will normally occur during routine monitoring visits, but the CAR process should also be used if a non-compliance is identified at any other time.

The CAR must be documented using the CAR form (MCFMG-DOC-009) and details recorded must include:

- Administration details;
- The nature of the non-compliance which should make clear the Group requirement which is not being complied with and the evidence which showed the non-compliance exists;
- The actions agreed to address the non-compliance;
- The proposed date of close-out.

The length of time allowed for close-out will depend on both the seriousness of the non-compliance and the practicalities of addressing the problem.

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- If the problem identified is currently resulting in non-compliance with a FSC criterion or a requirement of the National FSC Standard then a maximum of 1 month will be allowed.
- If the problem is less serious as there is a low risk of it resulting in non-compliance with an FSC criterion, a requirement of the National FSC Standard or a Group Requirement, then a maximum of 12 months will be allowed.

The CAR form (MCFMG-DOC-009) should be signed by the person raising the CAR and by the Group member where the non-compliance has been identified. The person raising the CAR should send the form to the Group Manager who shall enter the CAR details on the CAR Register (MCFMG-DOC-010) and send a copy of the CAR to the Group member concerned.

1.3.5.2. Closing the Corrective Action Requests (CARs)

The Group Manager is responsible for reviewing the CAR Register (MCFMG-DOC-010) at least once per quarter to review the status of any outstanding CARs. When the close-out date is reached then either the person who raised the CAR, or Group Manager designee, must assess whether the corrective action has been taken, and whether it has been successful in addressing the non-compliance. If the close-out date was one month after the CAR was raised, a specific document review or visit to the site is required to verify documentation. If the close-out date was 12 months after the CAR was raised, then the action can be verified during the next monitoring visit.

If the visit or document review shows that adequate action has been taken, then the CAR form (MCFMG-DOC-009) should be completed and signed off. A copy of the completed form shall be given to the Group Manager who shall:

- Enter the close-out details on the CAR Register (MCFMG-DOC-010);
- Send a copy of the completed CAR form (MCFMG-DOC-009) to the member concerned.

If the visit or document review shows that the agreed action has not been taken then the Group Manager must be informed immediately. The Group Manager must establish immediately whether there is any reason for the failure to close out the CAR.

If there is a reason then the Group Manager should immediately contact the Group member to inform them that their membership has been suspended pending close-out of the CAR. The suspension period shall not usually exceed 1 month after which the expulsion procedure shall begin as described in Section 1.3.4.

If there is no adequate reason for the failure to close-out the CAR then the Group Manager shall immediately begin the expulsion procedure as described in Section 1.3.4.

1.3.6. Complaints procedure for Group members.

To avoid conflicts and disciplinary procedures arising out of Group policies, Group members will communicate clearly and consistently with service providers, assessors, Group Management staff, and other relevant parties to avoid misunderstandings. Conflicts arising within the context of Mid Carolina Forest Management Group and FSC policies will largely be avoided if management treatments are done in accordance with the approved management plan. It is a goal of the Group not to allow situations to develop to the point where Group members become involuntarily ineligible.

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If disputes cannot be resolved by Group management, a three Group Member Dispute Resolution Committee, comprised of the Group Manager, one Group member, and one other party, will be developed and asked to review the case and propose a resolution.

If the Dispute Resolution Committee cannot facilitate a resolution, the two parties will contract with a third-party dispute resolution service. The two parties will share the cost of this service equally. If more than two parties are involved in a dispute, the cost will be shared proportionately. If a dispute resolution service cannot facilitate a resolution, the parties involved will enter into binding arbitration.

1.4. Mid Carolina Forest Management Group procedures shall be sufficient to establish an efficient internal control system ensuring that all members are fulfilling applicable requirements through monitoring procedures and/or corrective action procedures.

1.5. Mid Carolina Forest Management Group has defined the personnel responsible within each procedure. Training required of personnel responsible is documented on the Group Training Record (MCFMG-DOC-007).

1.6. Informed consent of Group members

1.6.1. Mid Carolina Forest Management Group shall provide each Group member with documentation, or access to documentation, specifying the relevant terms and conditions of Group membership. The documentation shall be in the form of a Group member Operations Manual or on the Mid Carolina Forest Management Group website and include:

- 1.6.1.1. A copy of the applicable Forest Stewardship Standard(s);
- 1.6.1.2. Explanation of the certification body's process in training presentation;
- 1.6.1.3. Explanation of the certification body's, and FSC's rights to access the Group members' forests and documentation for the purposes of evaluation and monitoring;
- 1.6.1.4. Explanation of the certification body's, and FSC's requirements with respect to publication of information;
- 1.6.1.5. Explanation of any obligations with respect to Group membership, such as:
 - i. maintenance of information for monitoring purposes;
 - ii. use of systems for tracking and tracing of forest products;
 - iii. requirement to conform with conditions or corrective action requests issued by the certification body and the group entity
 - iv. any special requirements for Group members related to marketing or sales of products within and outside of the certificate;
 - v. other obligations of Group membership; and
 - vi. explanation of any costs associated with Group membership.

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1.7. A Group Membership Agreement (MCFMG-DOC-004) shall be available between Mid Carolina Forest Management Group and each Group member or the member's representative who voluntarily wishes to participate in this Group. The Group Membership Agreement shall:

- i. include a commitment to comply with all applicable certification requirements;
- ii. acknowledge and agree to the obligations and responsibilities of the Group entity;
- iii. acknowledge and agree to the obligations and responsibilities of Group membership;
- iv. agree to membership of the scheme, *and*
- v. authorize the Group entity to be the primary contact for certification and to apply for certification on the member's behalf.

1.8. Group Records: Mid Carolina Forest Management Group shall maintain complete and up-to-date records covering all applicable requirements of this standard. These shall include, but are not limited to:

1.8.1. Group Member List (MCFMG-DOC-005) that provides names and contact details of Group members, dates of entering and leaving the Group, reason for leaving, the size of forest ownership and the type of forest ownership per member;

1.8.2. Records of training (MCFMG-DOC-007) provided to staff or Group members, relevant to the implementation of this standard or the applicable Forest Stewardship Standard;

1.8.3. A map or supporting documentation describing or showing the location of the Group member's forest properties;

1.8.4. Evidence of consent of all Group members (MCFMG-DOC-004);

1.8.5. Documentation and records regarding recommended practices for forest management (i.e. silvicultural systems);

1.8.6. Records demonstrating the implementation of any internal control or monitoring systems. Such records shall include records of internal inspections, non-compliances identified in such inspections, actions taken to correct any such non-compliance;

1.8.7. Records of the estimated annual overall FSC production and annual FSC sales on the Group Annual Report (MCFMG-DOC-015).

1.9. Mid Carolina Forest Management Group shall retain records for at least five (5) years.

1.10. Mid Carolina Forest Management Group shall not issue any kind of certificates or declarations to their Group members that could be confused with FSC certificates. Group member certificates may however be requested from the certification body.

1.11. Notification of Membership Changes

Mid Carolina Forest Management Group will inform the Certification Body of all changes to the Membership within 30 business days of adding new or withdrawing former Members. The Group Manager or designee will notify all staff that a new Group member has joined the Group. New Group member information includes name, organization name, city, state, acreage and description of forest property. When the enrollment of the

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new Group member property is accepted, the Group Manager or designee will notify the Certification Body. Upon withdrawal or termination of Membership, the Group Manager or designee will notify the Certification Body. Withdrawal information will include the reason(s) for withdrawal.

2. Group Features

2.1. Group Size

- 2.1.1. There is no restriction on the maximum size that the Group certificate can cover in terms of number of Group members, their individual forest property size or total forest area. Mid Carolina Forest Management Group shall have sufficient human and technical resources to manage and control the Group in line with the requirements of this standard. Mid Carolina Timber Company employs (2) Two Certified or Registered Professional Foresters.
- 2.1.2. Mid Carolina Forest Management Group shall limit the number of Group members to 100. This maximum of 100 Group members can be supported by this management system and the human and technical capacities of Mid Carolina Timber Company, Inc. and its professional foresters and technicians.

2.2. Multinational groups

- 2.2.1. Not applicable

3. Internal Monitoring

3.1. Monitoring requirements

Mid Carolina Forest Management Group has implemented an annual monitoring procedure for evaluating each Group Member at least once per year to confirm continued compliance with all the requirements of the applicable FSC standard, and with any additional requirements for membership of the Group.

3.2. The Group Manager is responsible for ensuring that each Group member is monitored at least once annually.

3.3. The Group shall issue corrective action requests to address non-compliances identified during their visits and monitor their implementation.

3.4. Additional monitoring visits shall be scheduled when potential problems arise or the Group receives information from stakeholders about alleged violations of the FSC requirements by Group members.

Group Management shall record all monitoring on the various Group Member Monitoring or Activity Inspection Checklists (MCFMG-DOC-013 or MCFMG-DOC-020).

4. Chain of Custody

4.1. Sales of forest products and use of the FSC trademark

- 4.1.1. Mid Carolina Forest Management Group shall document and implement a system for tracking and tracing of forest products produced by the Group members which are supposed to be sold as FSC certified.
- 4.1.2. For the purpose of ensuring that non certified material is not being mixed with FSC certified material, FSC products shall only be sold according to a sales protocol agreed by the Group members and Mid Carolina Forest Management Group.

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4.1.3. Mid Carolina Forest Management Group shall ensure that all invoices for sales of FSC certified material are issued with the required certification information. The information on the invoices will be:

- a) name and contact details of the organization;
- b) name and address of the customer;
- c) date when the document was issued;
- d) description of the product;
- e) quantity of the products sold;
- f) the organization's FSC Chain of Custody or FSC Controlled Wood code;
- g) clear indication of the FSC claim for each product item or the total products as follows:
 - i. the claim "FSC 100%" for products from FSC 100% product group;
- h) if separate transport documents are issued, information sufficient to link the invoice and related transport documentation to each other.

4.1.4. The Group Manager shall ensure that all uses of the FSC Trademark are approved by the Certification Body in advance.