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ASI Surveillance Forest Management Audit of Soil Association – WOODMARK (SA)

**Forest Management Audit to
Holmen Skog AB (SA-FM/COC-1309)
in Sweden**

Date of audit: August 23-24, 2006

(Public Summary)

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General information

The forest enterprise audited by SA WOODMARK

Name	Holmen Skog AB
Forest type	Semi-natural boreal and nemoboreal
Name of contact person	Ola Kåren
Address	SE-891 80 Örnköldsvik
Country	Sweden

ASI Audit Details

Date of audit	23-24 August , 2006
Purpose of audit	This FSC surveillance forest management audit
ASI audit team	Guntars Laguns (ASI Accreditation Programme Manager, lead auditor) Fredrik Ingemarson (ASI local expert) Paolo Tranquillini (Observer, ASI)

1 The audit process

1.1 Objective of ASI audit

FSC normal surveillance audit	FSC annual FM surveillance audit for SA Woodmark 2006
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The main objective of this audit was to assess the continued compliance of SA Woodmark with FSC accreditation requirements; the accurate implementation of SA accredited procedures and the verification of the audit findings and conclusions from the previous audits at certified enterprises.

Also, during this audit ASI audit team particularly focused on how certification body assesses certificate holder's compliance with Swedish FSC standard regards to:

- Stakeholder's consultation and considerations of social aspects during forest management activities;
- Choice and management of areas and elements (e.g. trees) to be managed for environmental purposes (*set asides*).

1.2 Stakeholder consultations by ASI audit team

1.2.1 Consultation process

ASI announced the surveillance audit on the FSC electronic fora for FSC National Initiatives, Certification Bodies and FSC members in July 2006.

In addition, a stakeholder consultation process was carried out by the ASI audit team prior and after the field audit.

Selected representative stakeholders from the three chambers (social, environment and economy) at both local and national levels, some of whom had previously been consulted by SA, were contacted by e-mail and interviewed by phone and private meetings. The extent of the consultation with the stakeholders by the CB auditors was assessed meantime.

1.2.2 Results and follow-up from stakeholder consultation process

- a) Stakeholders from all chambers were contacted both at local and national levels. Most of the local interviewed stakeholders contacted by ASI audit team had received information over the phone. The information flow from the certification body has been generally assessed as good.
- b) The stakeholders' felt they received the expected type of information regards to this certification process. They had opportunity to express their views on the forest management and the certification process of Holmen Skog.
- c) The performance of SA Woodmark certification process was evaluated as appropriate, but the interpretations of the standard between SA Woodmark auditors and stakeholders differed in some cases, mainly regards to environmental and social aspects.
- d) One received complaint concerns the village of Kassjö and their recreational forest. The claim is that Holmen Skog should not cut an area, referring to paragraph 4.3 in the Swedish standard.

ASI Follow-up: The questioned forest is situated close to river and, according the involved stakeholders, has high landscape and recreational importance for skiing and walking activities. In the same time Holmen Skog has planned their activities in this forest according their forest management interests.

During the period of the last two years there have been several discussions and also public meetings in regards to management of this forest. After these discussions Holmen Skog has updated their planned management regime for these forests, however, local population representatives are not satisfied with proposed approach and did not agree on the planned management activities, asking to assign for this area full set aside status. Holmen Skog does not agree on this.

The stakeholders' complaints have been forwarded to CB mainly asking for interpretation of Criterion 4.3 of the Swedish FSC standard. Accordingly, CB addressed this issue to Swedish FSC National Working group asking for a

clarification of this Criterion. At the time of this audit, no interpretation has been provided.

SA Woodmark auditor interpretation of the Criterion 4.3 from the Swedish FSC standard regarding this certain case is that the Company is allowed to carry harvesting activities in this territory.

The whole case has been registered in the internal Holmen Skog management system connected with ISO 9001-2000 QMS certificate. It was identified that stakeholder complaints have been formally registered in the system, assigned to a responsible person who followed up and apparently closed the issue, although the dispute is still ongoing. It is not required according to the FSC standard for certified enterprises to have QMS system, however, it indicates to the ASI audit team that the procedure of external complain management is not fully implemented in the Holmen Skog.

The Swedish FSC standard requires that FMU “**should** carry on responsible long-term forest management.....with due considerations given to natural environment and other interests”. ASI audit team evaluates stakeholder interests in this case as “other interests” which FMU **should** consider. In the same time Swedish FSC standard also requires that FMU “pays particular attention to recreational values” which forest provide. According the information obtained prior and during this audit there is evidence that Holmen Skog has been involved in discussions with stakeholders about the management of this certain forests and provided initiative updating their planned management activities, thus giving consideration and attention to the management of recreational values forest provide. It should be noted, that the Swedish FSC standard requires that company “should” consider other interests in the forest management. According to FSC-STD-20-002, part 3.13, the word “should” indicate a recommendation of the applicable standard and not a requirement. Therefore, from ASI audit team considers that activities carried out by Holmen Skog regarding this issue are in compliance with the applicable Swedish FSC standard.

However, part 3.1.2 of Swedish FSC standard requires that company demonstrates “long term commitment to adhere FSC Principles and Criteria”, thus all certified companies must also consider requirements of FSC P&C in their daily activities. FSC Principle 9 (HCVF) requires for certified companies that high conservation values and attributes of forests shall be identified and assessed, including consultation process (FSC P&C 9.1 and 9.2) and then accordingly forests are managed (FSC P&C 9.3) to maintain identified attributes and values. During this audit, it was not fully clear to the ASI audit team how procedure of management of High Conservation Value Forests with the social values and attributes is implemented in the certified company and evaluated by SA to ensure that decisions regarding such forests are always considered in the context of a precautionary approach. See **REC.SA.FM.2006.03.Se**

- e) Environmental stakeholders expressed concerns about the set aside areas for nature conservation, the choice of such areas and the considerations taken while felling in areas of value, for example single trees. Also, landscape level planning where mentioned as an issue to consider in this audit.

ASI follow-up: The Holmen Skog uses the results from the national inventory (Polytax) of their land for revising regenerations, quality during clear cuts and environmental considerations. The report “Assessment of environmental values-analysis of inventories 2003-2005” has prepared and provided sufficiently detailed data (scores according to Skogsbiologernas¹ biodiversity potential method, age, volume, site index, area size, increment etc.) from all districts and represents 20% of the all compartments which are managed for biodiversity protection purposes.

The stakeholders have questioned Holmen Skogs choice of areas to be managed for nature conservation purposes, as well as their protection of important nature protection elements (like old trees, etc) during their commercial activities.

According the Holmen Skog practice, each site is visited before cutting by a forest officer and all factors requiring consideration are provided in the instructions for the harvester. Although, it was evident during this audit that in some cases different nature elements in cutting areas may be selected for protection, like trees left in clearcuts, however, the selection of such elements are always subjective and interpretable. During the audit it was evident that Holmen Skogs team are very experienced, has appropriate knowledge, system and tools to minimize subjective factors during the decision taking in nature conservation aspects.

ASI audit team did not identify clear non-compliance with Swedish FSC standard and considers that SA correctly addressed this issue during its evaluations.

However, ASI audit team identifies issue related the management of the areas to be managed for nature protection and biodiversity maintenance. Such areas are selected by evaluation of valuable natural elements in the forest. The company has implemented procedures for the landscape planning, taken into consideration; biodiversity values, size and distribution specific landscape elements over the landscape. According to the company representatives, such landscape elements are selected firstly by desk study. Afterwards, selected areas are visited and assessed in the field, using ‘Skogsbiologernas biodiversity potential method’. Also, any input of stakeholders is considered during the choice of such areas. Holmen Skog states that such landscape plans are open document. Protective regimes for some areas may be taken of if it is clear after a field assessment that there are no high environmental values in the selected areas. Then these areas will be replaced by other areas.

It was not clear for the ASI audit team how such swapping of areas managed for nature protection are carried out and what procedure exists for possible exchange of areas. This could cause a situation when protected areas where long term

¹ Skogsbiologernas biodiversity potential method used by Holmen Skog is generally agreed as good tool for evaluating environmental values. This method makes it possible for two different planners to get similar results, thus minimizing subjectivity of area choice.

nature conservations are necessary (with high commercial values) is regularly rotating with other areas where commercial values are low, thus allowing the FMU to use commercial values in the areas which shall be protected. See **REC.SA.FM.2006.02.Se**

- f) The third main complaint concerns consultations with the Sami. There appear to be different working conditions in different areas; several foresters have good relations, whereas others do not appear willing to have a fruitful dialogue.

ASI Follow-up: The issue has been evaluated by ASI audit team during the audit. ASI audit team has seen examples of consultation process with Sami (Laplanders) people mainly informing them about the planning harvesting activities. Formal meetings are organized once a year and cover a certain management planning period. Company stated that Sami may provide their feedback to the company and such information will be taken into consideration during management planning. However, it was evident that there is no implemented system which ensures consistent, systematic consultation process, as well as evaluation and consideration of stakeholder feedback in management planning. Main aspect is that the consultation process is not properly described in the Holmen Skog management system setting the schedule, frequency, responsibilities and other aspects in this consultation process. The implemented system shall be formal and fundamental to exclude situation when personal relations and cultural backgrounds play role in the process. See **CAR.SA.FM.2006.01.Se**.

- g) There were also complains concerning the lengths of the contractual agreements for the contractors; contracts are made short terms and also the procedure for the bidding at Holmen Skog allows too little time for the contractor to prepare a good offer.

ASI Follow-up: Indicators 4.1.4: for subcontractors' work states that "If assignments are allocated to subcontractors or others, the relevant parts of the criteria listed above shall also apply". This requirement applies to all subcontractors with whom the company makes arrangements for certain forest management activities. There was a complain against the operations of Holmen Skog that the bidding procedure for contracting companies for some forestry activities do not allow external companies to prepare appropriate proposals and that's all contracts are made short terms thus not allowing long term management planning for the subcontractors. It is clear that Holmen Skog according the standard clause 4.1.4 and 4.1.1 shall ensure that long term and secure conditions are offered to all workers working in FMU, also subcontractors'. Although ASI audit team did not identify any clear non-compliance with the standard requirements, it is recommended for the company to consider revision of contractual arrangements and the bidding procedure to improve working conditions regarding the external (subcontractors') employees. See **REC.SA.FM.2006.01.Se**.

2 Summary of findings

During this ASI surveillance audit of Soil Association, the ASI audit team identified a number of non-compliances that have been addressed and fully documented in ASI final surveillance report. All areas of concern related to the interpretation and implementation of FSC certification procedures and requirements were addressed by the Corrective Action Requests (CAR) and Recommendations presented below.

2.1 Corrective action requests and recommendations resulting from this audit

Major CARs	Minor CARs	Recommendations
NA	1	3

2.2 Nonconformities identified in the audit

SA shall implement appropriate measures to correct the following nonconformity and to prevent re-occurrence, within the given timeline.

CAR.SA.FM.2006.01.Se	() MAJOR	(X) MINOR
Nonconformity	There was no evidence at the time of the ASI audit that SA audit team had adequately evaluated the implementation of the certified company's procedures for consultation with Sami people. Main issue identified is that the consultation procedure is not adequately described in the Holmen Skog's management system in terms of schedule, frequency, responsibilities and SA did not request appropriate corrective action to be implemented prior to or during the ASI audit.	
Reference	Swedish FSC Standard, February 200, part 4.2	
Timeline	6 months after finalization of this report	

2.3 Recommendations ²

Observation	Holmen Skog's bidding procedure for subcontracting external companies for certain forestry activities do not allow for subcontractors to prepare appropriate proposals and all contracts are made short terms thus not allowing long term management planning for the subcontractors.
REC.SA.FM.2006.01.Se	SA should ensure that the Holmen Skog's contractual arrangements and bidding procedure to improve working conditions for external (subcontractors) employees are revised

² **Note:** Recommendations are related to an area of concern, a process, document, or activity that is currently conforming that may if not improved, result in a nonconforming system, product or service. Thus, recommendations which are not considered by the CB may be upgraded to conditions in the following audit.

Observation	It was not fully clear to the ASI audit team how the procedure of management of High Conservation Value Forests with social values and attributes is implemented in the certified company to ensure that decisions regarding management of such forests are always considered in the context of a precautionary approach.
REC.SA.FM.2006.02.Se	SA should ensure that the certificate holder correctly implements HCVF identification and management procedure to ensure that most relevant high conservation values and attributes in FMU are maintained.

Observation	During the audit it was evident that in certain cases protective management status for some areas with high nature conservation values may be changed to other areas.
REC.SA.FM.2006.03.Se	SA should ensure that Holmen Skog implements clear system which ensures that protected areas with high commercial values where nature conservation must be long term is not regularly replaced with other areas where commercial values are low.

3. Overall Conclusion

3.1 Implementation of CB documented certification system and procedures

The implementation of SA Woodmark documented certification procedures was adequate.	NA
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3.2 Certificate holder's compliance with Swedish FSC standard and FSC Principles and Criteria of Forest Stewardship

The ASI audit team considers that at the time of the ASI audit, the certificate holder was not in compliance with all the FSC certification requirements and the CB had not requested appropriate corrective actions	For details please see the following CARs: CAR.SA.FM.2006.01.Se
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3.3 Certification Decision

CB certification decision is in line with FSC certification requirements	The ASI audit team considers that at the time of the ASI surveillance audit, the positive certification decision is justified.
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4 Terms and definitions

Nonconformity: The absence of, or the failure to implement and maintain, one or more management system requirements of the reference standards, or a situation which would, on the basis of available objective evidence raise significant doubt as to the credibility of the certificates issued by the applicant body. ASI procedures for nonconformity and corrective action requests are included in ASI QMS, procedure **ASI-PRO-20-116 Corrective action procedure**.

Note:

- A “nonconformance” is a product that does not meet specifications;
- A “nonconformity” is a process that does not meet specifications.

According to their severity, nonconformity is graded into three categories:

Major Nonconformity - CAR

“A systematic failure or significant deficiency -either as a single incident or a combination of a number of similar incidents- in a significant part of the quality system, or the lack of implementation of such a part, governed by applicable standards. A number of minor nonconformities against one requirement of the reference standards can represent a total breakdown of the system and thus be considered a major nonconformity.”

Minor Nonconformity - CAR

“An isolated or sporadic lapse in the content or implementation of procedures or records which could reasonable lead to failure of the system if not corrected. If a pattern of minor nonconformities occurs over successive assessments, it may represent a total breakdown of the system and a major non-conformance shall be issued.”

Observation - REC

“An area of concern, a process, document, or activity that is currently conforming that may if not improved, result in a nonconforming system, product or service. Observations shall be recorded in the audit report for the benefit of the customer.”