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ASI Surveillance Forest Management Audit of Control Union

**Forest Management Audit to
JSC Leskom CU-FM/COC-803673
(CU 1st surveillance)
in Russia Federation, Komi Republic**

Date of audit: September 25 to 29, 2006

(Public Summary)

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0 General information

The forest enterprise audited by CU

Name	JSC Leskom, CU-FM/COC-803673
Name of contact person	Vaentina Osipova
Address	58, 4-th Promishlennaya str., Siktivkar, m. Chovyu, 167981, Komi Republic
Country	Russian Federation

ASI Audit Details

Date of audit	September 24 – 29, 2006
Purpose of audit	ASI surveillance forest management audit
ASI audit team	Guntars Laguns (ASI Accreditation Programme Manager, lead auditor) Viktor Pankratov (ASI local expert)

1 The audit process

1.1 Objective of ASI audit

ASI normal surveillance audit	ASI annual FM surveillance audit for 2006
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The objectives of this forest management surveillance audit are:

1. Evaluation of certification body's performance in implementing the accredited certification system in accordance with FSC accreditation requirements.
2. Witness an audit team to determine whether or not the team:
 - a) adequately applies the procedures and instructions of the certification body;
 - b) members exhibit the characteristics of an auditor as detailed in ISO 19011;
 - c) has the required expertise of the sector in which the audit is being undertaken;
 - d) applies appropriate expertise in the correct sense;
 - e) undertakes the audit effectively and draws correct conclusions.
3. Evaluation of the conformity of the certificate holder with FSC and certification body's certification requirements in so far as this is necessary to verify the performance of the certification body.
4. Evaluation of stakeholder comments or complaints ASI received in relation to this operation.

ASI annual surveillance audits are conducted as “*witness audits*” and are based on a sample of the valid certificates of the audited CB within the scope of accreditation. The number of audits per year is determined by ASI surveillance policy; sampling is based on the ASI sampling procedure. Due to the nature of the ASI surveillance procedure, the audit evidence is only based on a sample of the information available and therefore there is always an element of uncertainty in the audit findings.

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 at the end of May 2006.

In addition, a stakeholder consultation process was carried out by the ASI audit team prior and after the field audit. Selected stakeholders who had previously been consulted by CU were contacted by e-mail and interviewed by phone and private meetings.

A number of comments were received prior the ASI surveillance audit. A summary of the comments received are presented below.

1.2.1 Main concerns expressed by stakeholders

Stakeholder Comments	ASI response
The certification process was not transparent	Problems in certification process transparency have been confirmed and are addressed by ASI Major CARs.
The consultation with stakeholders during certification process was not sufficient	Problems in stakeholders' consultation process have been confirmed and are addressed by ASI Major CARs.
No appropriate evaluation of HCVF	Problems in HCVF identification, evaluation and management process have been confirmed and are addressed by ASI Major CARs.
Confusing certification process, since some documents sent out during the certification of Leskom was SGS system documents and others for CU	It appears that Leskom started certification process with SGS and then changed to CU. The auditor who organize certification process was same, and this cause some misunderstanding which CB is doing certification for Leskom. It also was evident that some important stages (e.g. pre-assessment, stakeholder consultation) of certification process were incomplete since CU auditor considers that its SGS certification activities prior Leskom changed CB can be "counted in". However, this is not correct and CU certification has to be considered as a new certification project. It is clear that new certification project needs to comply with all FSC requirements.
Certification report has mistakes	ASI audit team considers that reports are in compliance with relevant standard requirements. However, small mistakes mainly as typing errors and information left from report template were identified.

1.3 Brief description of the company

The JSC Leskom is situated in Komi Republic Russia Federation specializing to harvesting and wood processing operations. Company have in concession around 80 000 ha of forest area. There are working more than 200 people in the company, mainly in harvesting operation. Company also operates sawmill, however, this sawmill is not included in the scope of FM evaluations. More information about the company is available from CU public summary report.

1.4 The certification history

The company applied for certification to SGS in 2004, when pre-assessment was carried out. In 2005 Company changed it certification body and started to work with Control Union (previously SKAL). Main assessment for Leskom was carried out in September 2005, and resulting of issuing FM/ CoC certificate on 3rd November 2005 with FSC certificate code SKAL-FM/COC-803673.

2 Summary of findings

During this ASI surveillance audit of Control Union, 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) presented below.

2. 1 Summary of nonconformities and observations detected in the audit

Major ¹ CARs	Minor CARs	Recommendations
6	6	6

2.2 Nonconformities identified in the audit

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

CAR.CU.FM.2006.01.Ru	() MAJOR	(X) MINOR
Nonconformity	CU standard (Checklist Skal International Forestry Program, Adapted Standard for Russian Federation, 19/09/05) does not comply with the FSC-STD-20-002 requirements for structure of the standards since it does not include the wording of each FSC Principle and each FSC Criterion, in the same order as they occur in <i>FSC-STD-01-001 FSC Principles and Criteria of Forest Stewardship (February 2000)</i> and indicators are not numbered with the initial numbers of the relevant FSC Criterion, followed by numbering for each indicator within the criterion.	
Reference	FSC-STD-20-002, part 3.1, 5.2	
Timeline	Next office audit after finalization of this report.	

¹ Note: the failure to successfully address MAJOR CARs within the given timeline may result in additional audits in the following year, or in disciplinary measures such as suspension of accreditation.

CAR.CU.FM.2006.02.Ru	(X) MAJOR () MINOR
Nonconformity	During the document review and ASI stakeholder consultation process there was no evidence that Control Union has carried out appropriate standard adaptation process as required by FSC-STD-20-003 to ensure that any forest stewardship issues which are considered difficult or controversial in the region concerned and has determined, in consultation with local stakeholders and prior to the audit itself, how such issues should be evaluated for the purpose of certification.
Reference	FSC-STD-20-003, parts 3.1.3, 3.1.4, 3.1.5, 3.1.6, 4.3.a), 4.4.e)
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.03.Ru	() MAJOR (X) MINOR
Nonconformity	CU before the audit did not elaborate and provide to the client the audit itinerary to ensure that audit time is used appropriately and efficiently. Although CU elaborated the audit programme it does not include the scheduled time for this evaluation visit.
Reference	FSC-STD-20-004, part 1.1, ISO19011: 2002 (E) Guidelines for quality and/or environmental management systems auditing, part 6.4.1
Timeline	Next office audit after finalization of this report.

CAR.CU.FM.2006.04.Ru	(X) MAJOR () MINOR
Nonconformity	During the field assessment and documents review there was no evidence that pre-assessment was carried out for JSC Leskom as required by FSC-STD-20-005 for large scale certification projects.
Reference	FSC-STD-20-005, part 1.1 a)
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.05.Ru	(X) MAJOR () MINOR
Nonconformity	During the document review and ASI stakeholder consultation process there was no evidence that Control Union has carried out appropriate stakeholder consultation process as required by FSC-STD-20-006 to provide a credible guarantee that certified company complies with the requirements of the applicable Forest Stewardship Standard.
Reference	FSC-STD-20-006, parts 1.1, 1.4, 2.2, 2.3, 2.6, 2.7
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.06.Ru	() MAJOR (X) MINOR
Nonconformity	During the audit ASI audit team considers that the evaluation of corrective actions taken by certificate holder has not been adequate to assess whether requirement is met and based on the system instead of the system implementation and performance evaluation.
Reference	FSC-STD-20-002, part 2.1, FSC-STD-20-007, part 1.3 b)
Timeline	Next office audit after finalization of this report.

CAR.CU.FM.2006.07.Ru	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	CU audit team did not appropriately evaluate compliance with requirements of FSC Principle 4 in regards to implementation of FMU social assessment and grievances -complains procedure.
Reference	FSC Principle 4, Criteria 4.4, 4.5
Timeline	Next office audit after finalization of this report.

CAR.CU.FM.2006.08.Ru	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	During the certification process, CU audit team did not appropriately evaluate compliance with requirements of FSC Principle 6. This resulted in major nonconformities not being addressed by the certified company and the CB at the time of the ASI surveillance audit.
Reference	FSC Principle 6, Criteria 6.1, 6.2, 6.3, 6.5, 6.7
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.09.Ru	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	During the certification process, CU audit team did not appropriately evaluate compliance with requirements of FSC Principle 7. This resulted in major nonconformities not being addressed by the certified company and the CB at the time of the ASI surveillance audit.
Reference	FSC Principle 7, Criteria 7.1, 7.2, 7.3
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.10.Ru	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	During the certification process, CU audit team did not appropriately evaluate compliance with requirements of FSC Principle 8. This resulted in major nonconformities not being addressed by the certified company and the CB at the time of the ASI surveillance audit.
Reference	FSC Principle 8, Criteria 8.1, 8.2, 8.4, 8.5
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.11.Ru	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR
Nonconformity	During the certification process, CU audit team did not appropriately evaluate compliance with requirements of FSC Principle 9. This resulted in major nonconformities not being addressed by the certified company and the CB at the time of the ASI surveillance audit.
Reference	FSC Principle 9, Criteria 9.1, 9.2, 9.3, 9.4
Timeline	3 months after finalization of this report

CAR.CU.FM.2006.12.Ru	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	Leskom does harvesting activities in uncertified territories, participating in the auctions for harvesting rights and trading with both certified and uncertified products, which may cause some risks of mixing of timber. From ASI audit team perspective risks of mixing timber can be high if company operates in certified and uncertified territories. Thus CU has to evaluate how company demonstrates that correct chain of custody is implemented to ensure that there is no mixing of certified and uncertified timber.
Reference	FSC Principle 8, Criteria 8.3
Timeline	Next office audit after finalization of this report.

2.3 Recommendations ²

Observation	<p>CU audit team consist of two team members, from which one was Russian auditor who is fluent in the main language of the state in which the evaluation took place and also he has some English language knowledge. Although also team leader has basic knowledge of Russian, communication between team was in English.</p> <p>During the audit it appears that team has some serious communication problems. English (for local auditor) and Russian (for lead auditor) language knowledge was not sufficient to properly communicate audit findings to ensure that company is evaluated appropriately against relevant standards as well as to ensure that audit team resource is used efficiently during evaluation.</p>
REC.CU.FM.2006.01.Ru	CU should ensure that the audit team is formed from auditors which all have sufficient knowledge of same language to communicate between audit team members or appropriate translations is ensured.

Observation	It appears that in organization of this audit have been involved different parties, like CU HQ, CU Russia Office, CU representative in Russia and therefore some audit activities (e.g. stakeholder consultation) were not coordinated between audit organizers and audit team.
REC.CU.FM.2006.02.Ru	It is recommendation for CU to consider more detailed audit organization in future to ensure that all activities are coordinated by one person thus ensuring that audit tasks and plans are clear for whole audit team.

Observation	During the report review from main assessment some CARs appears to be unclear, not directly describing problem, raising two CARs on same issue. Such indication shows that CU auditor was not always clear about the objective of applicable standard requirements.
REC.CU.FM.2006.03.Ru	It is ASI audit team recommendation for CU to update its auditors

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.

	about the interpretation of standard requirements, description of observation and issuing CARs.
Observation	ASI audit team considers that reports are in compliance with relevant standard requirements. However, small mistakes mainly as typing errors and information left from report template were identified.
REC.CU.FM.2006.04.Ru	It is ASI recommendation for CU to ensure that evaluation reports are reviewed and scrutinised more carefully to ensure that mistyped mistakes are avoided and correct information is placed in the report.
Observation	During the audit it was evident that certificate holder builds roads and during the road building uses soil (quarrying) from the cutting areas for such purposes. ASI audit team did not have possibility to review all legal requirements for such activities and information provided by several legal institutions in same cases was misleading. However, it was evident that certified company was missing any formal permits or projects for such activities.
REC.CU.FM.2006.05.Ru	It is recommendation for CU to evaluate certificate holder's compliance with the road building and quarrying legal requirements.
Observation	ASI audit team considers that FMU implemented management approach tends to be rather extensive than intensive and does not provide assurance that the quality of the forests will be same as now after next forest management cycle.
REC.CU.FM.2006.06.Ru	It is ASI audit team recommendation for CU to continuously evaluate how certified company implement forestry activities to ensure that quality of the forest resources will be same in future.

3 Overall Conclusion

3.1 Implementation of CB documented certification system and procedures

<p>The implementation of some of CU documented certification procedures was not adequate</p>	<p>For details please see the following CARs: CAR.CU.FM.2006.01.Ru CAR.CU.FM.2006.02.Ru CAR.CU.FM.2006.03.Ru CAR.CU.FM.2006.04.Ru CAR.CU.FM.2006.05.Ru CAR.CU.FM.2006.06.Ru CAR.CU.FM.2006.12.Ru</p>
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3.2 Certificate holder's compliance with FSC Principles and Criteria of Forest Stewardship

<p>ASI audit team considers that at time of ASI audit, certificate holder was not in compliance with the following FSC certification requirements and CB had not requested appropriate corrective actions</p>	<p>For details please see the following CARs: CAR.CU.FM.2006.07.Ru CAR.CU.FM.2006.08.Ru CAR.CU.FM.2006.09.Ru CAR.CU.FM.2006.10.Ru CAR.CU.FM.2006.11.Ru</p>
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3.3 Certification Decision

<p>CB certification decision not in line with FSC certification requirements</p>	<p>The ASI audit team considers that at the time of the ASI surveillance audit JSC Leskom was not in compliance with all FSC certification requirements.</p>
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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.”