

# ASI-ACCREDITATION SERVICES INTERNATIONAL GmbH

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## FSC Annual Surveillance of EuroPartner for 2007

Forest Management Audit to KATA Ltd,  
Russia  
(Certificate code is not yet assigned)

Date of audit: 21-30 August 2007

### *Public summary*

	<b>NAME</b>	<b>DATE</b>
Report drafted by:	Guntars Laguns Elena Bubko	15 September 2007
Reviewed by ASI:	Martin Walter	21 <sup>st</sup> September 2007
Reviewed by CB:	EP	02 October 2007
Finalized by ASI:	Guntars Laguns	12 November 2007

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## 1 Background

The operation audited by CB

<b>Name of operation</b>	KATA Ltd
<b>Total area</b>	287426 ha
<b>Type of management</b>	semi natural / natural forests
<b>Name of contact person</b>	V.Feoktistov
<b>Address</b>	2017, Ust-Ilimsk, Irkutskaja obl., 666685
<b>Country</b>	Russia
<b>Phone number</b>	+73953594225
<b>E-mail address</b>	+73953592411

Brief description of the company

KATA Ltd is situated in Irkutsk region, Russia. Company manages around 280 thousands ha. The forests are managed on the basis of long term contracts with state. There are around 780 people employed in the company, including forest management and wood processing activities. More information about the company will be obtained from EP Public reports, available on EP website.

The certification history

<b>Pre-audit</b>	April 2007
<b>Main audit:</b>	This audit
<b>Date of certificate issue</b>	NA
<b>Follow up audit</b>	NA
<b>Date of 1<sup>st</sup> surveillance</b>	NA

ASI Audit Details

<b>Purpose of audit</b>	Annual EP FM surveillance audit
<b>ASI lead auditor</b>	Guntars Laguns
<b>Local Expert</b>	Elena Bubko
<b>Audit language</b>	Russian

Audit agenda

<b>21 August (Tuesday)</b>	
Evening	Meeting with CB team
<b>22 August (Wednesday)</b>	
AM	Opening meeting
	Review of audit plan
AM/PM	Document review, follow up on CARs from pre-assessment
<b>23 August (Thursday)</b>	
AM	Document review
PM	Travel to forest base

<b>24 August (Friday)</b>	
AM/PM	Field visits
<b>25 August (Saturday)</b>	
AM/PM	Field visits
<b>26 August (Sunday)</b>	
AM/PM	EP audit team documents' review
<b>27 August (Monday)</b>	
AM/PM	Field visits
Evening	Travel back to Ust-Ilimsk
<b>28 August (Tuesday)</b>	
AM/PM	Document review in company office
<b>29 August (Wednesday)</b>	
AM	Office, work on documents, meetings with company staff members
	EP audit team meeting with Ust-Ilimsk region municipality
PM	EP audit team interview of KATA Ltd subcontractor
	Company transport site visit
	Document review
<b>30 August (Thursday)</b>	
AM	Office, work on documents, meetings with company staff members
PM	EP/ company closing meeting
	EP/ ASI closing meeting
<b>31 August (Friday) – 1 September (Saturday)</b>	
NA	Travel back to Liepaja, Latvia

People involved and met during the audit

<b>CB</b>	G.Morus (lead auditor) O.Konushatov (auditor) I. Kostyunin (auditor in training) A.Savuldi (director of forest certification program)
<b>Operation</b>	A. Gorshkov (Kata JSC, general director) V. Feoktistov (Kata JSC, industrial engineering department manager) V. Klopov (Kata JSC, deputy chief engineer) E. Abramchenko (Kata JSC, acting HR department manager) D. Akulov (Kata JSC, controller of checkpoint) A. Shetenuk (Kata JSC, manager of the forest management unit) A. Batumov (Kata JSC, team-leader) J. Kolmakov (Kata JSC, team-leader) S. Stroev (Kata JSC, technical manager) V. Agarpov (contractor Boyarkin, feller) A. Chuprov (Kata JSC, expert of industrial engineering department)

	<p>I. Yurkin (Kata JSC, deputy general director)                  S. Privalikhin (Ust-Ilimsk Interregional department of Federal State Administration for Veterinary and Phytosanitary Inspection, senior state inspector)                  N. Fomichev ("Northern Leskhoz", chief forester)                  M. Solondaev (Municipal institution "Ust-Ilimsk region", deputy management of the department of natural resources, industry and agriculture)                  U. Kolesnikov (Ross JSC, industrial engineering)                  V. Kabanov (Kata JSC, mechanical repair department)                  I. Gadzhega (Kata JSC, team-leader of workers crew)</p>
<b>Others</b>	NA

Main documents and records reviewed

<b>CB documents</b>	<p>EP adopted standard                  EP pre-assessment report                  EP standard adaptation documents                  EP stakeholder consultation documents</p>
<b>Company's documents</b>	Different management planning, operational and monitoring documents
<b>Other documents</b>	National regulations and different stakeholders' provided documents

**2 Audit objectives and planning**

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.

Specific additional objective for this audit:

5. Verification of implementation of EuroPartner procedures in regards to the expansion of FSC accreditation scope. To assess this aspect, ASI audit team evaluated EP standard adaptation process as well as set up of the team for the audit.

ASI annual surveillance audits are conducted as “*witness audits*”. 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 ASI surveillance procedures, 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.

### 3 ASI stakeholder consultation process

The stakeholder consultation process employed by ASI consists of 2 parts:

1. public announcement of the audit on the FSC electronic fora and on the ASI website about one week prior to the audit to solicit stakeholder comments;
2. direct interviews with selected key-stakeholders mainly conducted by the contracted local expert prior, during and after the audit.

Summary of main concerns expressed by stakeholders

Stakeholder Comments	ASI response
Use of selective harvesting	Comment confirmed. KATA Ltd use only clear felling silviculture system. Selective felling methods are not applied. No site adaptive methods are planned. This aspect was considered by EP audit team and several issues raised.
Company has to implement more site adaptive harvesting techniques and planning, taking into account EIA and site specific aspects.	Comment confirmed. This aspect was considered by EP audit team and several issues raised.
Use of municipality and other administrative resources in Irkutsk region to promote EP interests.	Comment is not confirmed. ASI audit team considers that such comments can not be justified, since there are no clear indications that EP is using any kind of illegal or non-ethical methods to dominate in the region. Also, EP is not the only certification body operating in the region. If one analyzes Russian regions which are active in certification, then in other regions there is one dominating CB, as for example, Smart Wood in Komi Republic. Such distribution can be explained with the each CB development strategy and its implementation success.

**4 Audit findings related to CB performance**

4.1 Structure and content of CB standard and its application

<p><b>CB audit team in compliance with FSC-STD-20-002</b></p>	<p>For this audit EP used its EP-STD-1.05-07 for certification in Eastern Siberia and Amur region, adopted from EP generic standard.</p> <p>Standard technically complies with FSC requirements, consisting of necessary Annexes. Standard structure follows FSC Principles and Criteria.</p> <p>Fundamental review of EP generic standard was performed during the office audit. For reference see ASI OFF 2007 audit report.</p>
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4.2 Local adaptation of CB standard

<p><b>CB audit team in compliance with FSC-STD-20-003</b></p>	<p>EP standard adaptation process was evaluated.</p> <p>Standard adaptation letter is appropriate as well as timelines for sending out standard adaptation information is appropriate.</p> <p>Adopted standard was reviewed; it includes all necessary information for performing evaluation of KATA Ltd. Stakeholders' provided comments where taken into account adding indicators to the generic EP standard.</p> <p>Almost none of the people consulted by ASI audit team were aware of standards evaluation for KATA Ltd will be performed, although list provided by EP to whom standard has been sent for adaptation was appropriate. Some of the ASI stakeholders have received standard, but did not make themselves familiar with it.</p> <p>The aspect that only 3 stakeholder inputs were received by EP during its standard adaptation process clearly identifies that EP communication approach of the standard adaptation was not fully appropriate. This identifies similar problem already identified in part 4.6 of this report in terms how EP select stakeholders and how they contact them. ASI audit team considers that there is no clear non-compliance with the relevant FSC standard; however, this issue was already identified during the EP accreditation standard. Thus recommendation (RECOMMENDATION.EP.FM.2005.05) from the EP FM accreditation report ABU-REP-44-EP-Chart is raised as a Minor CAR.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.01 (FSC-STD-20-003, 3.1.2)</b></p>
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4.3 Audit team

<p><b>CB audit team in compliance with FSC-STD-20-004</b></p>	<p>EP audit team consists of three people (lead auditor, auditor and auditor in training) and one observer (EP director of certification program).</p> <p>EP auditor in training already has participated in two audits and this</p>
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	<p>was his third audit with EP. He is also a person from the region where audit is carried out. Using such local knowledge and expertise in the audit ensures that EP audit covers all regionally typical aspects.</p> <p>EP has requested its extension of the scope, however, it has not been yet granted because there was no evidence of EP ability to implement EP procedures<sup>1</sup> for certification in different regions and countries.</p> <p>During this audit EP has demonstrated its ability to set up a team necessary to carry certification evaluations in countries or regions where additional local expertise is necessary.</p> <p>Opening and closing meetings followed approved EP procedures and covered all aspects requested by FSC and <i>ISO19011: 2002 (E) Guidelines for quality and/or environmental management systems auditing</i>.</p> <p>Prior to the audit, preliminary EP audit plan was distributed to client. Audit plan was agreed in opening meeting.</p> <p>During the visit of sites, in most cases there was obvious distribution of EP audit team members' obligations; however, on some occasions auditors went together and evaluated same aspects. To ensure more effective audit, it is recommendation to EP audit team to consider splitting audit team in parts thus covering more sites and aspects during the same period of audit.</p> <p><b>ASI proposes REC.EP.FM.RU.2007.01</b></p> <p>EP audit team did not organize audit review meetings with KATA Ltd during the audit thus not communicating to the forest enterprise of the progress of the audit, preliminary audit findings and similar issues.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.02 (ISO 19001, 6.5.2)</b></p> <p>Wording and description of identified audit non-compliances will be evaluated when EP report will be finalized.</p> <p>Although ASI audit team was generally satisfied with the way how EP auditors perform, there are still possibilities to improve EP auditors audit techniques, mostly covering assessed issues "until the end", analysis of existing information, approach of interviewed persons, distinguishing between open and closed questions and adaptation of question techniques in each situation.</p> <p><b>ASI proposes REC.EP.FM.RU.2007.02</b></p>
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<sup>1</sup> EP procedures for certification in other countries where evaluated during the office audit in April 2007. For details please see applicable ASI report.

4.4 Pre-evaluation

<p><b>CB audit team in compliance with FSC-STD-20-005</b></p>	<p>The company is considered as a large scale forest enterprise; also there was obvious potential of presence of HCVF, thus there was the need to perform pre-evaluation.</p> <p>EP performed pre-evaluation in April 2007. During this audit EP has identified 18 preconditions and 28 conditions.</p> <p>The pre-evaluation report with all the necessary audit information and identified non-compliances was submitted to client and agreed.</p>
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4.5 Stakeholder consultation process

<p><b>Compliance with FSC-STD-20-006</b></p>	<p>EP performed stakeholder consultation well in advance of the audit. The stakeholder consultation letter has been sent to selected stakeholders, including NGOs, state administration and controlling institutions. During this stakeholder consultation process EP has got six answers.</p> <p>Also, during the audit EP organized several meetings with stakeholders, e.g. region municipality, state forest service, hunting and fishing inspection and subcontractors. Before each interview EP has prepared specific checklist with necessary question for the person to be interviewed. According to consultation performed by ASI and EP, there are no local NGOs and environmental-social public formations. All interviews were well prepared and organized in a way that ensures collection of necessary information.</p> <p>Although the list EP provided to ASI audit team seems to cover all main stakeholders, however, during the stakeholder consultation performed by ASI, it was evident that some of the selected stakeholders have not been selected appropriately to provide relevant information. For example, in the EP list of selected stakeholders is the state H&amp;S inspector from city Bratsk, however, when ASI audit team contacted him, he expressed that he has no knowledge of the Ust-Ilimsk forest enterprises and advised to contact state H&amp;S inspector based in Ust-Ilimsk. This identifies that EP list does not include all relevant stakeholders which may provide all necessary information for performance of audited forest enterprise.</p> <p>ASI considers that EP auditors must consult and/ or consider having meetings with responsible persons who are directly responsible for any interaction with KATA Ltd related to the forest management aspects. For example, although EP audit team visited region state forest service (leskhoz) office, however, forester and forest ranger offices were not consulted and not visited.</p> <p>According to FSC requirements EP shall consult with a range of stakeholders who can provide relevant information as to an applicant's compliance with the environmental, legal, social, and economic requirements of the Forest Stewardship Standard.</p>
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	<p><b>ASI proposes CAR.EP.FM.RU.2007.03 (FSC-STD-20-006, 2.5, 3.1)</b></p> <p>During the audit several meetings and interviews were performed with presence of KATA Ltd representatives. It is necessary for EP auditors to ensure that that stakeholder and worker interviews are performed without the presence of managers or representatives of applicant or certificate holder.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.04 (FSC-STD-20-006, 3.2)</b></p> <p>EP has consulted 22 stakeholders, and has got 6 answers. ASI performed interviews with selected stakeholders from EP list. Many of them expressed that they are not directly related to the KATA Ltd or do not know anything about this company, so they can not comment certification process of KATA Ltd. Others replied that they did not have time to respond to EP request. Thus many of them does not provide answers to EP consultation letter; and in the same time they did not distribute letter, received from the EP, to persons in their structures who may provide comments of company performance. Thus, ASI audit team considers that stakeholder consultation techniques implemented by EP in this audit do not ensure were culturally appropriate to the stakeholders with whom consultation takes place.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.05 (FSC-STD-20-006, 2.7, 3.3)</b></p>
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4.6 FM evaluation

<p><b>CB audit team in compliance with FSC-STD-20-007</b></p>	<p>EP audit team has spent 9 days for this evaluation from which 4 were field visit days. Audit totals in 23 man days.</p> <p>During the audit EP visited more than 25 sites, from which majority where forest harvestings sites ad concentrating on forest harvesting issues and its compliance with Russia Federation legal requirements. Although ASI assessor in general considers that audit coverage of the sampled places /sites where enough to ensure collection of objective evidence of company performance, it is recommended for EP to allocate same amount of audit time for other forest management aspects, such as environment and social, thus ensuring more balanced audit coverage.</p> <p><b>ASI proposes REC.EP.FM.RU.2007.03</b></p> <p>Audit scope, setup as well as schedule seems to be appropriate to cover audit scope and to ensure evaluation of implementation of company's system which ensures appropriate field performance compliance with FSC requirements.</p>
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4.7 The certification reports (main report and public summary)

<p><b>CB audit team in compliance with FSC-STD-20-008 and FSC-STD-20-009</b></p>	<p>EP has prepared certification report which in general terms complies with FSC standard requirements.</p> <p>It is recommendation for EP to review its CAR wording and layout to exclude some information which does not provide useful any information, as for example, line with states the motive of compliance which in most cases is “to comply with FSC requirements”. ASI audit team considers that such statement does not add any useful information in certification reports.</p> <p><b>ASI proposes REC.EP.FM.RU.2007.04</b></p>
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4.8 Certification recommendation and decision making

<p><b>CB audit team in compliance with FSC-STD-20-002, part 8, and parts of FSC-STD-20-001.</b></p>	<p>During the closing meetings EP presented provisional findings, including several preconditions. Although ASI assessor considers that EP audit findings where appropriate, however, in some cases, it was not clear why EP some of the aspects, for example, related to certain criterions, e.g. for nature conservation, monitoring or HCVF were defined as minor.</p> <p>FSC requirements set compliance of performance on Criterion level. ASI audit team considers that in most of Criterions from Principle 6, 8 and 9 performance of evaluated company did not complied on Criterion level, and thus major conditions must be issued.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.06 (FSC-STD-20-002, 8.3)</b></p> <p>In some aspects, EP decided that company is in compliance, e.g. 6.5.6; however, during the audit it was evident that company is not in compliance with this indicator requirement for protection of water courses during timber extraction’s road building and exploitation. ASI audit team does not agree on this issue and consider that this is non-compliance and must be addressed by appropriate CAR.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.10 (FSC-STD-20-007, 3.5)</b></p> <p>During the certification report reviews it appeared that EP evaluated some of the indicators during the main assessment as Non Applicable.</p> <p>Also, similar problem is related to this aspect when some of the indicators apparently have to be evaluated only after other requirements are fulfilled. This causes situation when company is not fully evaluated against all requirements of relevant standard.</p> <p>Such EP auditors approach is not appropriate.</p> <p>According to FSC requirements it has to be ensured that all elements, including the indicators of the applicable standard are evaluated during the main evaluation and implemented by company.</p> <p><b>This problem which is already identified in the EP office report</b></p>
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	<p><b>(CAR.EP.OFF.2007.07) and will be closely followed up during the next EP evaluation visits. However, if EP will not demonstrate to ASI that appropriate actions to address this non-compliance is introduced before issuing new certificate (after November 2007), then CAR.EP.OFF.2007.07 will be upgraded to Major with 3 month deadline whit possibility to introduce other disciplinary measures.</b></p>
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**5 CB evaluation of certificate holder's compliance.**

5.1 Principle 1

<p><b>Certificate holder compliance with FSC Principle 1</b></p>	<p>During the closing meeting EP presented provisional audit findings including 4 minor issues for principle 1.</p> <p>ASI audit team considers that in terms of H&amp;S company does not complied with national regulations, thus precondition must been issued by EP audit team.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.07 (FSC P&amp;C, Criterion 1.1)</b></p>
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5.2 Principle 2

<p><b>Certificate holder compliance with FSC Principle 2</b></p>	<p>At the time of the ASI audit, EP audit team had adequately evaluated compliance with FSC Principle 2 and no nonconformity was identified.</p>
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5.3 Principle 3

<p><b>Certificate holder compliance with FSC Principle 3</b></p>	<p>At the time of the ASI audit, EP audit team had adequately evaluated compliance with FSC Principle 3 and no nonconformity was identified.</p>
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5.4 Principle 4

<p><b>Certificate holder compliance with FSC Principle 4</b></p>	<p>During the closing meeting EP presented provisional audit findings including 4 Minor and 1 Major issue for principle 4.</p>
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5.5 Principle 5

<p><b>Certificate holder compliance with FSC Principle 5</b></p>	<p>During the closing meeting EP presented provisional audit findings including 2 minor issues for principle 5.</p> <p>ASI audit team considers that EP evaluation of company performance in terms of lack of commercial thinning; justified calculations of annual allowable cut and harvesting rates, and timber waste have not been adequately assessed.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.08 (FSC P&amp;C, Criteria 5.1, 5.3, 5.6)</b></p>
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5.6 Principle 6

<p><b>Certificate holder compliance with FSC Principle 6</b></p>	<p>During the audit there was no evidence of performed environmental impact assessment prior to the site disturbing operations, such as harvesting and road building. EP during the closing meeting raised Minor condition.</p>
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	<p>Appropriate safeguards for protection of rare, threatened and endangered species were not developed and implemented, no field identification and evaluation of presence before site disturbing operations. EP during the closing meeting raised Minor issue</p> <p>In the visited sites there was no objective evidence that company implements measures for maintaining, enhancing or restoring forest ecological functions and processes, such as protection of old over mature trees, dead trees, wetlands. EP during the closing meeting raised two Minor issues.</p> <p>Representative samples of ecosystem was not appropriately selected and protected to its natural state. EP during the closing meeting raised Minor condition.</p> <p>No evidence of erosion and damage control during the forest operation. EP during the closing meeting raised two Minor conditions.</p> <p>Several additional minor issues where identified in EP closing meeting, as well as Major conditions.</p> <p>ASI audit team considers that KATA Ltd does not comply with P 6 in Criteria 6.1, 6.2, 6.3, 6.4, and 6.5 at Criterion level, thus Major conditions must be issued by EP audit team.</p> <p><b>The scaling of findings where already identified by ASI audit team and Corrective Action request proposed. See part 4.8 of this report.</b></p>
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5.7 Principle 7

<p><b>Certificate holder compliance with FSC Principle 7</b></p>	<p>During the closing meeting EP presented provisional audit findings including precondition covering whole Principle 7.</p>
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5.8 Principle 8

<p><b>Certificate holder compliance with FSC Principle 8</b></p>	<p>During the closing meeting EP presented provisional audit findings including precondition covering whole Principle 8.</p>
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5.9 Principle 9

<p><b>Certificate holder compliance with FSC Principle 9</b></p>	<p>EP at closing meeting has raised 3 minor CARs and 1 Major, covering all Criteria within the relevant Principle.</p> <p>ASI audit team considers that KATA Ltd does not comply with P 9 in all Criteria at Criterion level, thus all conditions must be qualified as Major by EP audit team.</p> <p><b>The scaling of findings were already identified by ASI audit team and Corrective Action request proposed. See part 4.8 of this report.</b></p>
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5.10 Principle 10

<p><b>Certificate holder compliance with FSC Principle 10</b></p>	<p><b>NA</b></p>
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5.11 Chain of custody

<p><b>Certificate holder compliance with FSC chain of custody requirements</b></p>	<p>KATA Ltd has elaborated CoC control procedure. The scope of company CoC system covers timber harvesting and delivery to the timber yard in company site in Ust-Ilimsk.</p> <p>EP did not identify any non-compliance with CoC requirements during the closing meetings.</p> <p>However, ASI audit team considers that CoC procedure implemented by company does not ensure full tracing of each forest product from its origin, since there are no documents following timber from the site.</p> <p>At the time of the ASI audit, EP audit team had not adequately evaluated compliance with FSC Criterion 8.3.</p> <p><b>ASI proposes CAR.EP.FM.RU.2007.09 (FSC P&amp;C, Criterion 8.3)</b></p>
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### Summary of nonconformities and observations resulting from this audit

Major CAR(s)	Minor CAR(s)	Observations
None	10 (including 3 closed)	4

See nonconformity reports (attached) for details.

### Conclusion and recommendation

EP audit team conducted a systematic and well organized audit and identified almost all issues in a professional manner.

Based on the findings of this audit, the ASI assessor recommends to FSC AC the continuation of the FSC forest management accreditation for EP, subject to the timely closing of the nonconformities identified during the audit and specified in the nonconformity reports (attached).

**ASI audit team considers that EP has demonstrated adequate experience, knowledge and skills to perform FM audits worldwide, thus it is recommendation to ASI and FSC to extend EP accreditation scope as requested by EP.**

### Credits

The author would like to thank A.Savulidi, G.Morus, O.Konushatov, I.Kostyunin, as well as staff members from KATA Ltd for their cooperation and help in organizing this ASI surveillance forest management audit.

### Other

All information in this report is confidential and may not be disclosed to third parties, with the exception of the information which is to be included in the FSC Audit Public Summary Report.

## 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 or recommendation - REC <sup>2</sup>

"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."

## Attachments

Nonconformity reports (NCRs)

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<sup>2</sup> **Note:** Observations 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, observations which are not considered by the CB may be upgraded to conditions in the following audit.

## ACCREDITATION SERVICES INTERNATIONAL GmbH

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>REC.EP.FM.RU.2007.01</b>	Date	<b>15 September 2007</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>During the visit of sites, in most cases there was obvious distribution of EP audit team members' obligations; however, in some occasions auditors went together and evaluated same aspects. To ensure more effective audit, it is recommended to EP audit team to consider splitting audit team in parts thus covering more sites and aspects during the same period of audit.</p>			
Normative Reference(s)	NA		
Comments:			

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>REC.EP.FM.RU.2007.02</b>	Date	<b>15 September 2007</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>Although ASI audit team was generally satisfied with the way how EP auditors perform, there are still possibilities to improve EP auditors audit techniques, mostly covering assessed issues “until the end”, analysis of existing information, approach of interviewed persons, distinguishing of open and closed questions and adaptation of question techniques in each situation.</p>			
Normative Reference(s)	NA		
Comments:			

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>REC.EP.FM.RU.2007.03</b>	Date	<b>15 September 2007</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>During the audit EP visited more than 25 sites, from which majority where forest harvestings sites ad concentrating on forest harvesting issues and its compliance with Russia Federation legal requirements. Although ASI assessor in general considers that audit coverage of the sampled places /sites where enough to ensure collection of objective evidence of company performance, it is recommended for EP to allocate same amount of audit time for other forest management aspects, such as environment and social, thus ensuring more balanced audit coverage.</p>			
Normative Reference(s)	NA		
Comments:			

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>REC.EP.FM.RU.2007.04</b>	Date	<b>12 November 2007</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>It is recommendation for EP to review its CAR wording and layout to exclude some information which does not provide useful information, as for example, line with states the motive of compliance which in most cases is "to comply with FSC requirements". ASI audit team considers that such statement does not add any useful information in certification reports.</p>			
Normative Reference(s)	NA		
Comments:			

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.01</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
<p>Almost none of the people consulted by ASI audit team were aware that standard evaluation for KATA Ltd will be performed, although the list provided by EP to whom standard has been sent for adaptation was appropriate. Some of the ASI stakeholders have received the standard, but did not make themselves familiar with it.</p> <p>The aspect that only 3 stakeholder inputs were received by EP during its standard adaptation process clearly identifies that EP communication approach of the standard adaptation was not fully appropriate. This identifies similar problem already identified in part 4.6 of this report in terms how EP select stakeholders and how do they contact them. ASI audit team considers that there is no clear non-compliance with the relevant FSC standard; however, this issue was already identified during the EP accreditation standard. Thus recommendation (RECOMMENDATION.EP.FM.2005.05) from the EP FM accreditation report ABU-REP-44-EP-Chart is raised as a Minor CAR.</p>				
Normative Reference(s)	<b>FSC-STD-20-003, 3.1.2</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI <b>Here: describe conclusion in detail</b>				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:		Date:	
Comments:				

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REF. No.	<b>CAR.EP.FM.RU.2007.02</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
EP audit team did not organize audit review meetings with KATA Ltd during the audit thus not communicating to the forest enterprise of the progress of the audit, preliminary audit findings and similar issues.				
Normative Reference(s)	<b>ISO 19001, 6.5.2</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body				
<b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI				
<b>Here: describe conclusion in detail</b>				
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REF. No.	<b>CAR.EP.FM.RU.2007.03</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
<p>During the audit EP organized several meetings with stakeholders, e.g. region municipality, state forest service, hunting and fishing inspection and subcontractors. Before each interview EP has prepared specific checklist with necessary question for the person to be interviewed. According consultation performed by ASI and EP, there are no local NGOs and environmental-social public formations. All interviews were well prepared and organized in the way that ensures collection of necessary information.</p> <p>However, ASI considers that EP auditors must consult and/ or consider having meetings with responsible persons who are personally / directly responsible for any interaction with KATA Ltd related to the forest management aspects. For example, although EP audit team visited region state forest service (leskhoz) office, however, forester and forest ranger offices where not consulted and /or not visited.</p> <p>According to FSC requirements EP shall consult with a range of stakeholders who can provide relevant information as to an applicant's compliance with the environmental, legal, social, and economic requirements of the Forest Stewardship Standard.</p>				
Normative Reference(s)	<b>FSC-STD-20-006, 2.5, 3.1</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI <b>Here: describe conclusion in detail</b>				
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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.04</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the audit several meetings and interviews were performed with presence of KATA Ltd representatives. It is necessary for EP auditors to ensure that that stakeholder and worker interviews are performed without the presence of managers or representatives of applicant certificate holder.				
Normative Reference(s)	<b>FSC-STD-20-006, 3.2</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI <b>Here: describe conclusion in detail</b>				
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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.05</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
EP has consulted 22 stakeholders, and has got 6 answers. ASI performed interviews with selected stakeholders from EP list. Many of them expressed that they are not directly related to the KATA Ltd or do not know anything about this company, so they can not comment certification process of KATA Ltd. Others replayed that they did not have time to respond to EP request. Thus many of them does not provide answers to EP consultation letter; and in the same time they did not distribute letter, received from the EP, to persons in their structures who may provide comments of company performance. Thus, ASI audit team considers that stakeholder consultation techniques implemented by EP in this audit do not ensure were culturally appropriate to the stakeholders with whom consultation takes place.				
Normative Reference(s)	<b>FSC-STD-20-006, 2.7, 3.3</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI <b>Here: describe conclusion in detail</b>				
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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.06</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the closing meetings EP presented provisional findings, including several preconditions. Although ASI assessor considers that EP audit findings where appropriate, however, in some cases, it was not clear why EP some of the aspects, for example, related to certain criterions, e.g. for nature conservation, monitoring or HCVF were defined as minor. FSC requirements set compliance of performance on Criterion level. ASI audit team considers that in most of Criterions from Principle 6, 8 and 9 performance of evaluated company did not complied on Criterion level, and thus major conditions must been issued.				
Normative Reference(s)	<b>FSC-STD-20-002, 8.3</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body				
<b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI				
<b>Here: describe conclusion in detail</b>				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:		Date:	

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.07</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the closing meeting EP presented provisional audit findings including 4 minor issues for principle 1. ASI audit team considers that in terms of H&S company does not complied with national regulations, and therefore precondition must been issued by EP audit team.				
Normative Reference(s)	<b>FSC P&amp;C, Criterion 1.1</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body				
<b>Here: describe action taken in detail</b>				
Corrective Action evaluated by ASI				
<b>Here: describe conclusion in detail</b>				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:		Date:	

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.08</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the closing meeting EP presented provisional audit findings including 2 minor issues for principle 5.  ASI audit team considers that company performance in terms of lack of commercial thinning; justified calculations of annual allowable cut and harvesting rates, and timber waste have not been adequately assessed by EP auditors and not covered during the closing meeting.				
Normative Reference(s)	<b>FSC P&amp;C, Criteria 5.1, 5.3, 5.6</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>See EP comments below in attached document (confidential).</b>				
Corrective Action evaluated by ASI <b>EP has provided appropriate evidence for closure of the CAR.</b>				
<input checked="" type="checkbox"/> <b>CLOSED</b> <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:	G.Laguns	Date:	12/11/2007
Comments:				

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.09</b>	Date	<b>15 September 2007</b>	
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>		
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
EP did not identify any non-compliance with CoC requirements during the closing meetings. However, ASI audit team considers that CoC procedure implemented by company does not ensure full tracing of each forest product from its origin, since there are no documents are following timber from the site. At the time of the ASI audit, EP audit team had not adequately evaluated compliance with FSC Criterion 8.3.				
Normative Reference(s)	<b>FSC P&amp;C, Criterion 8.3</b>			
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>				
Timeline for implementation		<b>Next office audit</b>		
Corrective Action implemented by Certification Body <b>See EP comments below in attached document (confidential).</b>				
Corrective Action evaluated by ASI <b>EP has provided appropriate evidence for closure of the CAR.</b>				
<input checked="" type="checkbox"/> <b>CLOSED</b> <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:	G.Laguns	Date:	12/11/2007
Comments:				

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### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	<b>CAR.EP.FM.RU.2007.10</b>	Date	<b>12 November 2007</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2007</b>	
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION	
In some aspects, EP decided that company is in compliance, e.g. 6.5.6; however, during the audit it was evident that company is not in compliance with this indicator requirement for protection of water courses during timber extraction's road building and exploitation. ASI audit team does not agree on this issue and consider that this is non-compliance and must be addressed by appropriate CAR.			
Normative Reference(s)	<b>FSC-STD-20-007, 3.5</b>		
Corrective Action Request: <b>EP shall implement appropriate measures to correct the nonconformity detected in this audit and described above within the given timeline. The measures shall be adequate to correct the current problems and to eliminating causes of nonconformities in order to avoid recurrence.</b>			
Timeline for implementation		<b>Next office audit</b>	
Corrective Action implemented by Certification Body <b>See EP comments below in attached document (confidential).</b>			
Corrective Action evaluated by ASI <b>EP has provided appropriate evidence for closure of the CAR.</b>			
<input checked="" type="checkbox"/> <b>CLOSED</b> <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:	G.Laguns	Date: 12/11/2007
Comments:			