

ASI-ACCREDITATION SERVICES INTERNATIONAL GmbH

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FSC Surveillance of SGS Qualifor in 2007

**Forest Management Audit to NORTE FORESTAL (NORFOR), Spain
(SGS-FM/COC-1880)**

Date of audit: 31 May – 01 June 2007

*Final Version
Updated March 2008*

	NAME	DATE
Report drafted by:	Hans Joachim Droste Pina Gervassi	15 August 2007
Reviewed by ASI:	Guntars Laguns	20 August 2007
Reviewed by CAB:	Gerrit Marais	19 September 2007
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Report first updated	Hans Joachim Droste	17 October 2007
Report last updated:	Hans Joachim Droste	05 March 2008

Credits

The author would like to thank Gerrit Marais from the SGS Qualifor Program and his audit team as well as Roberto Astorga from NORFOR and their staff for preparing and making the arrangements that made this assessment possible and efficient.

1 Background of the assessment

The operation audited by SGS

Name of operation	NORTE FORESTAL (NORFOR)
Type of certificate	Multiple FMU single FM certificate
Total area	Approx. 12.000 ha
Type of management	Eucalyptus and pine plantations with parts of natural forest
Name of contact person	Roberto Astorga
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Brief description of the operation

NORFOR belongs to the ENCE Group and is dedicated to the creation, conservation and use of forests, with the main task of satisfying the necessities of the factories of the Group in the Northwest Peninsular. Norfor was founded in 1977 and has offices in the Autonomous Communities of Galicia and Asturias (Spain). Currently, NORFOR manages more than 12.000 hectares of forests for Communities in Asturias, Cantabria and Galicia within the scope of the certificate. The main plantation species is *Eucalyptus globules*.

The certification history

Main audit:	19-21 July 2004
Date of certificate issue	19 October 2004
Date of 1st surveillance	25-28 April 2005
Date of 2nd surveillance	04-08 September 2006

ASI Assessment Details

Purpose of audit	Audit following complaints
ASI lead auditor	Hans Joachim Droste (Accreditation Program Manager)
Local Expert/ translator	Pina Gervassi (FSC Policy Manager) Dr. Javier Montalvo (local expert, University of Vigo)
Audit language	Spanish
Sites visited	Norfor head office, Maceira Covelho, Cuito Muino, Chan de Aradelas

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Assessment agenda

The focus of the assessment was on the evaluation of the main issues raised by complainants, namely:

- Consultation mechanisms with stakeholders (4.4)
- Availability of public summaries (7.4, 8.5)
- Erosion control (6.5, 10.8)
- EIAs, protection of soil and water, use of exotics, clear-cutting and planting (6.1, 10.4)
- Monitoring of soil and water (6.9, 10.6, 10.8)
- Plantation diversity (10.3)
- Use of pesticides (6.6, 10.7)

The agenda was set up by SGS to accommodate these issues.

31 May 2007	
09:00 – 09:40	Opening meeting at Norfor Office
09:40 – 11:00	Presentation by Norfor and discussions
11:00 – 16:30	Review of documents and records (in 2 teams)
16:30 – 20:00	Visit of selected sites (EIA, buffer zone management, control of invasive species, road maintenance, erosion, planting on slopes)
20:00 – 21:00	Debriefing
01 June 2007	
09:00-18:00	Visit of selected sites (clear cut, planting, health and safety, monitoring, use of chemicals, road maintenance, soil cultivation, erosion, archaeological sites)
18:30 – 20:30	Internal auditor meeting
20:30 -21:30	Closing meeting
21:30 – 22:00	Adjourn and ASI feedback
02 June 2007	
10:00-12:00	ASI meeting with stakeholders

People involved in the assessment

SGS team	Mrs María José Prieto Villalba (SGS Spain, lead auditor) Mr Gerrit Marais (SGS Qualifor Director South Africa) Dr Ines Gonzalez (forestry expert, consultant) Mr Juan Raposo (legal advisor, consultant)
ENCE Group	Miguel Angel Cogolludo Agustin (NORFOR; Wood supply manager) Luis Javier Sanchez Hernando (IBERSILVA, Manager of the Department of Consulting, Projects and Sustainable Forest Management Systems)
Others	Stakeholder meeting:

	Miguel A Soto (Greenpeace Spain) Benito Andrade (Asociación Pola Defensa da Ría) Xosé Veiras García (Área de montes de Verdegaia) Martíño-Fiz López Lindoso (ADEGA)
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2 Assessment objectives and planning

Background:

From the beginning, some Spanish stakeholders (e.g. Greenpeace Spain and the Asociación Pola Defensa da Ría (APDR)) were unsatisfied with the certification process of Norfor. These organisations lodged a formal complaint with SGS on 19 January 2005 which until today has not been resolved through SGS formal process. According to SGS, the Greenpeace complaint has not yet been resolved because Greenpeace informed SGS that they wished to cease communication.

In addition, Norfor plantations in Spain appear on a list of forest management certificates considered “controversial” by various environmental stakeholders and FSC members in 2006. ASI decided to conduct an on site audit to investigate the issues raised.

Objectives of ASI Spot Audit includes:

- Assessment of the certification body’s evaluation of the certificate holder’s field performance. During an ASI Audit, ASI lead assessor evaluates the field performance of the certificate holder to ensure that the certification body reached an appropriate certification decision in line with FSC accreditation and certification requirements.
- As part of ASI complaint, dispute and appeal procedures, in order to clarify and resolve such complaint, dispute or appeal.

This certificate was selected to respond to a number of complains from stakeholder against the certification of Norfor / ENCE.

3 Terminology

ASI is applying the terminology following ISO Guide 65, ISO/IEC 17000:2004, ISO/IEC 19011:2002, and the FSC Terms and Definitions from the applicable accreditation and certification standards.

In the following, definitions are provided that apply for key terms relating to this report:

Assessment: Evaluation by ASI to assess the competence of a CAB, based on particular accreditation requirements and for a defined scope of accreditation.

Assessor: Person assigned by ASI to perform, alone or as part of an assessment team, an assessment of a CAB.

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Audit: Evaluation by a CAB to verify the compliance of a company with FSC standards.

Auditor: Person assigned by the CAB with the competence to conduct an audit.

CAB: “Conformity Assessment Body”, also “Certification Body”; body that performs certification services under the authority of FSC and under the control of ASI.

CAR: “Corrective Action Request”; is issued against the assessed CAB to describe and correct detected nonconformity with accreditation requirements. According to the severity of the nonconformity, a short (usually 3 months) or medium (usually 12 months) timeline is defined to correct the problem.

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 CAB.

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

Major Nonconformity (Category 1)

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 applicable standards can represent a total breakdown of the system and thus be considered a major nonconformity

Minor Nonconformity (Category 2)

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 nonconformance is issued.

Observation (Category 3)

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.

Objective evidence: evidence that someone can inspect and evaluate for themselves; this includes documented evidence from documents and records, anecdotal evidence from interviews (if independently corroborated), and factual evidence through direct observations in the field.

Surveillance: set of activities to monitor the continued compliance of accredited CABs with accreditation requirements.

Witnessing: ASI assessors are observing the CAB auditors carrying out certification services in the company / operation of their certificate holder.

4 ASI stakeholder consultation process

The ASI stakeholder consultation process consists of 2 parts:

1. Announcement of the assessment on the FSC electronic fora about one month prior to the assessment to solicit stakeholder comments and other comments and complaints previously sent by stakeholders to the certification body;
2. Individual interviews with selected key-stakeholders prior, during and after the audit.

In Part 1 ASI received comments from:

- FSC Spain
- Greenpeace Spain
- Asociación Pola Defensa Da Ría
- WWF/ Adena
- Área de Montes de Verdegaia

In some cases, reports, maps and photographs were submitted as evidence.

The ASI lead auditor also called and met with some of the stakeholders who provided comments in advance to get a better understanding of the concerns.

Main stakeholder comments	ASI response
Environmental Impact Assessment (breach of Criterion 6.1 of the Spanish FSC Standard)	Some problems detected by ASI audit team, see Section 5.2
Soil erosion (breach of Criterion 6.5 of the Spanish FSC Standard)	Some problems detected by ASI audit team, see Section 5.2
Lack of transparency and consultation with stakeholders (breach of Criterion 4.4 of the Spanish FSC Standard)	Some problems detected by ASI audit team, see Section 5.2
Use of pesticides	Some problems detected by ASI audit team, see Section 5.2
Insufficient information of stakeholders in the consultation process and accusation of manipulation of stakeholder comments (breach of FSC-STD-20-006 Standard)	Some problems detected by ASI audit team, see Section 5.1
A public summary is not available from Norfor/ ENCE	Some problems detected by ASI audit team, see Section 5.2
Change of scope of certificate from group to multiple FMU	No problem detected by the ASI audit team, see Section 5.1
breach of Criterion 10.3 (plantation diversity) of the new Spanish FSC Standard	Some problems detected by ASI audit team, see Section 5.2

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SGS is consulting Norfor and does not conduct independent third-party audits. The lead auditor in the main audit was reported to have been affiliated with ENCE.	No problem detected by the ASI audit team, see Section 5.1
Norfor is managing plantations in areas of high conservation values.	Some problems detected by ASI audit team, see Section 5.2
ASI is conducting the audit with foreign auditors for just 2 days.	<p>The ASI team consisted of three people:</p> <ul style="list-style-type: none"> • Mr Achim Droste (Senior Accreditation Manager; forester; registered lead auditor for quality and environmental management systems) • Mrs Pina Gervassi (FSC Policy Manager, forester, native Spanish speaker) • Dr. Javier Montalvo (local expert, known expert in ecology and plantation management in Galicia, native Spanish speaker and citizen from the region) <p>The team spend 2 days on site plus half a day meeting with stakeholders. In total, these are 7.5 auditor days to follow-up on 7 main issues, not counting the time the auditors spend prior to the audit in reviewing all information and conducting interviews. Considering the size of the operation and the number of issues reported, ASI believes that enough field time has been allocated to this project.</p>

5 Assessment findings

5.1 CAB AUDIT PERFORMANCE

CAB AUDIT PERFORMANCE	
FSC requirements	Findings and conclusions
Auditor qualification (20-004)	<p>This SGS audit was conducted by a 4 person team: Mrs José Prieto Villalba, Mr Gerrit Marais, Dr Ines Gonzalez (consultant) and Mr Juan Raposo (consultant). The SGS auditors (Villalba and Marais) are professional foresters and have the required qualification and experience to conduct forest management audits in the FSC system.</p> <p><u>Impartiality:</u> The SGS lead auditor conducting the audits in 2004 and 2005, Dr Gustavo Daniluk from Uruguay, was reported by Greenpeace to have worked with ENCE in Uruguay in the mid 1990s. According to international ISO/ IAF regulations (see e.g. IAF Guide 61, Clause G.2.1.21), conflicts of interests are considered expired two years after a</p>

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	<p>relationship is terminated. Thus, the SGS lead auditor was not conflicted any more at the time of the SGS main audit, even if he had been working with ENCE in the 1990s. Greenpeace also informed about an affiliation between Dr Daniluk and ENCE through a study conducted in 2004 and 2005. ASI conducted further research after the audit to evaluate this allegation. An updated CV from Dr Daniluk was requested and analyzed. An involvement in a study does not constitute a conflict of interest according to ISO / IAF interpretation. As long as stakeholders cannot present further documented evidence of a conflict of interest, ASI will consider this issue closed.</p>
<p>Standard adaptation (20-003)</p>	<p>SGS used the FSC accredited Forest Stewardship Standard for Spain (Version 2005). This standard drafted and submitted for accreditation prior to the end of 2004 includes “critical indicators” and requires <u>compliance at the Principle level</u>. The standard effective date was December 2006, one year after accreditation (see FSC-STD-20-002 Clause 7.1.b).</p>
<p>Stakeholder consultation (20-006)</p>	<p>The stakeholder consultation process performed by SGS for the main audit was analysed by the ASI local expert on behalf of ASI. The results are:</p> <ul style="list-style-type: none"> - imbalanced representation of stakeholders from the 3 provinces in which the plantations are located (few stakeholders from Asturias and none from Cantabria) <p>CAR.SGS.FM.ESP.2007.09</p> <ul style="list-style-type: none"> - adequate representation of local social and environmental groups <p>Stakeholders complained that based on the information given in the public summary report, the stakeholder information letter and on the Norfor website it was not possible for them to identify the exact sites which were included in the scope of the certificate and therefore were not able to exercise their right to submit meaningful comments on the performance of the operation. ASI checked the geographic coordinates provided in the SGS audit report, which CBs are required to provide. The public summary for the main audit in 2004 gives the following information: “42,72°N; -8,36°W”. This first figure must be wrong, since minute values larger than 60 do not exist as per definition. When using this approximate figure, the coordinates point to a location in the City of Santiago de Compostela, the previous location of the Norfor office. The summary of the main audit report includes a list of 278 sites</p>

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	<p>covered by the certificate (as Annex 1). The list gives the name and size of the site together with the name of the municipality. Due to the heterogeneous mosaic of small plantation sites in the area it is difficult from this information alone to identify the exact sites that are included in the scope of the certificate. ASI therefore agrees with the stakeholders and asked SGS to provide a list of member sites together with their geographical coordinates. Transparency is one of the highest values in the FSC system to ensure credibility. Thus, due to the importance of transparency ASI considers this a major issue. This list shall be included in the summary report and submitted to the stakeholders who are requesting this kind of information. ASI proposes</p> <p>MAJOR CAR.SGS.FM.ESP.2007.01</p>
<p>Evaluation process (20-007)</p>	<p><u>Scope:</u> Norfor was and is managing all leased areas as a kind of concessionaire. FSC does allow concessionaires to be certified under a single FM certificate with multiple FMUs (see FSC-GUI-20-200 Subject 2.14). Thus, the change from a group certificate (resource manager type) to a single certificate (multiple FMU type) is not in contradiction with FSC rules. Norfor and SGS reported that the only area which was excluded from the certificate in this change was an area (i.e. Sanomedio) where Norfor was not directly responsible for the management and where they had to buy the timber from the owner. A random sample of contracts between Norfor and the forest owners did not result in any nonconformity.</p> <p>SGS and ASI detected that there is no adequate dispute resolution mechanism in case of disagreements between the owner and Norfor. SGS proposed CAR# 24 to address this issue.</p> <p>The first surveillance of the group was based on a sample of 60% of the square root of x. This is the formula to be applied for SLIMFS operations. SGS argues in their report that they considered the operations as “<i>low intensity</i>”. ASI is concerned to read that industrial plantation with short rotations are considered “<i>low intensity</i>”. Many sites however are below 100 ha and could be sampled as small operations but there are still sites larger than the threshold and would require a different approach which was not documented or applied.</p> <p>CAR.SGS.FM.ESP.2007.02</p>
<p>Decision making (20-002 Part 2)</p>	<p>N/A in this audit</p>
<p>Auditor performance (ISO 19011)</p>	<p>The SGS audit team conducted a professional and</p>

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	systematic audit. Audit evidence to evaluate the complaints was collected through interviews, evaluation of documents and records and field inspections. However, the ASI team got the impression that much time was spent by the SGS lead auditor to verify Norfor's compliance with Spanish laws and regulations rather than on Norfor's performance and on the effectiveness of the implementation of the management system.
Audit report (20-008)	N/A in this spot audit
Public summary (20-009)	To verify compliance with FSC requirements for public summary reports, ASI checked the SGS website on 26 July 2007 and downloaded the summaries for the main audit and for the 2006 surveillance (last scheduled surveillance conducted). The change from a group to a multiple FMU is explained and justified in the 2006 public summary report, section 2.
Chain of custody issues	N/A in this audit
Use of FSC trademark	N/A in this audit
Application of relevant FSC policies and guidelines	N/A in this audit

5.2 OPERATION'S COMPLIANCE WITH CERTIFICATION REQUIREMENTS

OPERATION'S COMPLIANCE WITH CERTIFICATION REQUIREMENTS	
FSC requirements	Findings and conclusions
Principle 1	<u>EIA</u> : Norfor is not carrying out formal EIA's before establishing Eucalyptus plantations. There was a discussion during the audit between the Norfor legal advisor and the SGS audit team regarding the legal obligation from the Galician environmental law (law 6/2001 of Environmental Impact Assessment, and Decree 81/1989). SGS shall seek clarification by an independent entity to resolve this issue and ensure clear compliance by the certificate holder. CAR.SGS.FM.ESP.2007.03
Principle 2	<u>Dispute resolution</u> : A large percentage of the land used by NORFOR is privately or community owned and whilst there is no evidence of current conflict or disputes, no such procedure is available from the certified company. SGS raised CAR # 24 to address this.
Principle 3	<i>Not included in the audit agenda of this audit.</i>
Principle 4	<u>Stakeholder interaction</u> : SGS issued minor CAR # 15 in 2006 against the lack of public

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	<p>participation in management issues. In response, Norfor reported that they are planning to conduct one meeting with relevant stakeholders per year. They completed a strategic plan which provides for and includes evidence of operational implementation. The effectiveness of this plan could not yet been evaluated during this audit. SGS will need to follow-up on this in close cooperation with stakeholders. There is substantial evidence from the stakeholder feedback that implementation so far is not effective.</p> <p><u>Health & Safety:</u> An interview was conducted with an operator and his PPE inspected. He was provided with the necessary PPE, had appropriate training and understood his responsibilities. He also had a copy of the Norfor booklet on SHEQ. Interviews were also conducted with a contract worker from the weed control team. Brush cutting and slashing was used to suppress some vegetation to allow for emergence of preferred tree species. She understood her responsibilities and had received the necessary training in terms of both awareness and task. A first aid kit was available at the contractor site. The kit had the necessary basics and all contents were within the expiry dates. The kit is maintained by an external company on behalf of Norfor. The team had the necessary instruction regarding medical assistance the company policy on SHEQ.</p>
Principle 5	<p><u>Chipping of harvest residuals:</u> Norfor does not chip the residuals associated to harvesting and silvicultural treatments. This could be an increased hazard for forest fires.</p> <p>REC.SGS.FM.ESP.2007.02</p>
Principle 6	<p><u>Environmental Impact Assessment (EIA):</u> Norfor in 2006 established an Eucalyptus plantation on an area of about 17 ha on a mountain top of Chan de Aradelas, where previous vegetation was sparse (some shrubs and herbaceous plants). There is also no woody vegetation on the neighboring slopes and hills. Norfor stated they had done a kind of “pre-evaluation” to assess the suitability of the site for a Eucalyptus plantation, but did not conduct an environmental impact assessment as could be expected if an exotic invasive tree species is introduced on a bare hill top, as requested under FSC certification</p>

	<p>requirements. SGS recommended 2 Major CARs in relation to environmental impact assessment (#25 and #26) to address these problems.</p> <p><u>Buffer zone management:</u> SGS and ASI confirmed that Eucalyptus and black acacia do occur in the river buffer zone of the main river (Net Nature 2000 site) flowing through the Maceira Covelho plantation where only natural vegetation is supposed to grow. The ASI team also spotted seedlings of Eucalyptus just some meters away from the buffer zone. Norfor confirmed that they have an annual monitoring program to evaluate if Eucalyptus is invasive and are taking measures against their uncontrolled distribution. There was however no clear strategy for achieving these conservation objectives, e.g. removal of remaining Eucalyptus trees from the buffer zone. SGS is referring to minor CAR # 18 (due September 2007) for addressing this issue.</p> <p><u>Use of chemicals:</u> Norfor used to apply fungicides which are now on the list of FSC prohibited chemicals (i.e. Clorothalonil). SGS explained the process of applying for derogation. During the discussions and later in the field it was found that Norfor had no strategic plan in place for chemical use that will allow for the reduction of chemicals over time and no records of chemical use that show the product, amount and area of application. Norfor claimed they were not aware of a requirement to keep a list. The main SGS audit report however states: "Norfor does have an up-to-date list of chemicals used". The information in the SGS report is in contradiction to the statement of the company and the findings in this audit. SGS proposed minor CARs # 22 and # 23 to address these issues.</p> <p><u>Erosion:</u> In the audit Norfor stated that erosion would be no problem in their plantations. Problems with soil erosion were however confirmed in different locations. SGS focussed on erosion problems caused by poor road building and maintenance (e.g. at Cuito Muino and Maceira Covelho) and proposed major CAR # 26 to address this issue. The ASI team</p>
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	<p>also spotted erosion on slopes as a result of soil preparation measures before planting. ASI got the impression that Norfor shows little commitment to improving this situation. They are accepting current erosion levels as 'unavoidable' without sufficiently exploring alternatives or reduction measures. As an example, the <i>Erosion Risk Assessment Study</i> in assessing, documenting and describing erosion risk profiles for all plantations has not yet being used as a valuable tool in their operational planning. This is now enforced by SGS with the proposed CAR # 27. However, ASI considers that SGS CAR does not adequately address planting implemented on slopes and the related risk of erosion. Based on the results of the <i>Erosion Risk Assessment Study</i>, Norfor shall be requested to explore ways to further reduce erosion in the different risk categories by e.g. altering (among others) the soil disturbing cultivation method or the design and layout of the regeneration plots (e.g. by zoning). CAR.SGS.FM.ESP.2007.04</p> <p><u>Waste:</u> the contractor had knowledge of oil spill procedures and had a receptacle to collect contaminated soil in the event of an accidental spill.</p>
<p>Principle 7</p>	<p><u>Supervision:</u> A monitoring form is completed after every operation and provides a checklist for compliance and the identification of required corrective actions. Evidence of a completed form (SIGNM-IM-034) was available for the ripping operation conducted at Cuito Muino. This list provides for monitoring of erosion and indicated that there were signs of erosion. Monitoring of planting operation at Cuito Muino was available (SIGNM-IM-081). This is conducted immediately after the operation and then annually.</p> <p><u>Public summary:</u> At the time of this audit, Norfor did not have a public summary of their management plan in compliance with Criterion 7.4 of the Spanish FSC Standard (CAR # 19 was issued against Norfor in 2006, the deadline is still open until the regular SGS surveillance in September 2007). Norfor reported that they are currently working on a version which is supposed to include all</p>

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	<p>elements from Criterion 7.1. They are planning to consult this version with relevant stakeholders. The Spanish Standard was accredited in December 2005. The effective date according to FSC-STD-20-002 Clause 7.1.b is one year after accreditation, i.e. in December 2006. Existing certificate holders are required to be in compliance with the standard by the 'standard effective' date, in order to continue to hold an FSC certificate. After the standards effective date the certification body shall require any non-compliance that is identified to be corrected in accordance with the normal requirements for major or minor non-compliances, as applicable. Therefore, CAR 19, issued by SGS in 2006 should have had a timeline until the end of 2006, the effective date, instead of 12 months. A continued noncompliance beyond the effective date must than trigger a MAJOR CAR. SGS has not address this nonconformity despite the fact that this nonconformity has been pointed out a number of time by stakeholders and was witnessed by SGS audit team during this audit.</p> <p>CAR.SGS.FM.ESP.2007.05</p>
<p>Principle 8</p>	<p><u>Monitoring</u>: Norfor could not present implemented procedures for monitoring of appropriate indicators to assess the full magnitude of social and environmental impacts of their plantation management. The main audit checklist of SGS does not provide any information.</p> <p>CAR.SGS.FM.ESP.2007.06</p>
<p>Principle 9</p>	<p><u>HCVF</u>: Stakeholders report that Norfor is managing plantations in locations with high conservation values, namely in the area of Xaxán / (Pontevedra), and Baíñas and Paradela (Coruña). Norfor is reported to have substituted ecosystems with important pioneer and heath vegetation (e.g. <i>Erica tetralix</i>). According to the Spanish FSC standards these areas must be considered High Conservation Value Forest under Principle 9. The SGS main audit report however states that there are no high conservation values on the territory of the Norfor plantations (after having consulted the government and NGOs) while the 2006 report does talk about identified high conservation values. SGS was informed</p>

	<p>by the stakeholder APDR about this problem (including maps) on 21 August 2006, prior to the last annual surveillance. Answers are given to stakeholder inputs in the 2006 public summary, especially on comments from Greenpeace and APDR, but solely on comments submitted in 2005. There is no evidence in the 2006 report that the comments provided before the audit have been evaluated objectively and meaningfully as evidence of compliance or non-compliance with the requirements of the applicable Forest Stewardship Standard. ASI finally concludes that SGS has not adequately evaluated compliance of Norfor with Principle 9. The information given in the different audit reports is not consistent and comprehensible. Since compliance at the principle level is affected, this issue must be considered as a major CAR.</p> <p>MAJOR CAR.SGS.FM.ESP.2007.07.</p> <p>Several pre-Roman burial sites at Cuito Muino were properly mapped, recorded and marked off with a barrier tape. The sites were properly protected and maintained.</p>
<p>Principle 10</p>	<p><u>Diversity</u>: 80% of the area is planted with eucalyptus less than 12 years in age (figures from 2004) with uniform and limited diversity within the planted (monoculture) species, high density, very low diversity of age (contemporary masses) classes and low genetic diversity. Norfor does not comply with Criterion 10.3 of the valid Spanish FSC Standard. Norfor is complaining about the undemocratic and non-transparent process in the development of this requirement in the Spanish standard and refuses to comply. Norfor has complained to ASI, but this issue should first be addressed formally through the working group dispute resolution process.</p> <p>SGS raised CAR 21 to address this issue. The deadline of this SGS CAR is September 2007. ASI will follow-up with SGS and Norfor once the 2007 SGS surveillance report has been finalized to ensure compliance of Norfor with Criterion 10.3 of the Spanish FSC Standard.</p> <p>REC.SGS.FM.ESP.2007.01</p> <p><u>Monitoring of exotic species</u>: an invasion of</p>

	<p><i>Eucalyptus globulus</i> was observed in Maceira (Covelo) with <i>Acacia nigra</i> in the margins of the Tea river, which is a natural protected area classified within the Red Natura. Discussions with Norfor revealed that there is no clear strategy to monitor and control potential invasions. CAR.SGS.FM.ESP.2007.08</p>
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6 Nonconformities and observations

Major CAR(s)	Minor CAR(s)	Observations
3	6	2

Update March 2008

Major CAR(s)	Minor CAR(s)	Observations
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See nonconformity reports (attached) for details.

Note 1: the failure to successfully address MAJOR CARs within the given timeline may result in disciplinary measures, including the suspension of accreditation.

Note 2: 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 lead to corrective action requests in the future.

7 Conclusion and recommendation

SGS audit team conducted a professional audit and confirmed a number of the problems reported by stakeholders. CARs were proposed by SGS to address these issues.

Some instances of nonconformity were detected by ASI in the SGS certification process. Corrective actions have been proposed. Based on the findings of this audit, the ASI lead auditor recommends to FSC AC the continuation of the FSC forest management accreditation for SGS subject to the timely compliance with the proposed CARs.

Attachments

Nonconformity reports (NCRs)

Annex 1: Nonconformity reports (NCRs)

ACCREDITATION SERVICES INTERNATIONAL GmbH			
Charles-de-Gaulle-Str. 5 • 53113 Bonn, Germany • Tel.: +49 - 228 - 367 66 0 • info@accreditation-services.com			
NONCONFORMITY / CORRECTIVE ACTION REQUEST			
REF. No.	CAR.SGS.FM.ESP.2007.01	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity	Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<i>Interested stakeholders were not given a chance to provide meaningful comments on the performance of Norfor at specific sites, since the location of the sites included in the scope of the certificate were repeatedly requested by stakeholders but not disclosed by SGS or Norfor.</i>			
Normative Reference(s)	FSC-STD-20-009 Clause 4.1.d; FSC-STD-20-006 Clause 2.6.c		
Corrective Action Request: SGS Qualifor 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.			
Timeline for implementation	3 months from finalization of this report.		
Corrective Action implemented by Certification Body			
<p style="color: red;">SGS appealed this CAR as there is no explicit FSC accreditation requirement for geo-references in public summaries. FSC-STD-20-009 Clause 4.1.d requires that "The name and/or location of the certified forest area(s)" must be published, with the footnote: "In the case of group certification the region in which the group is located shall be specified."</p> <p style="color: red;">Explicit geo-references must only be provided in the main audit report which is not open to stakeholders (FSC-STD-20-008 Clause 1.1 d ("Location of certified forest area: i) Latitude E/W ### degrees ## minutes ii) Longitude N/S ### degrees ## minutes).</p> <p style="color: red;">As a compromise to facilitate meaningful stakeholder comments, it was agreed with SGS that a note would be inserted by SGS into the public summary report that more detailed information relating to the location of NORFOR FMU sites is available to the public at the NORFOR offices.</p> <p style="color: red;">On 13-Feb-08, Mr Marais informed ASI by mail the that the invitation to stakeholders was included in</p>			

the main assessment report on page 59 just before the list of properties. It reads: “NOTA: más información sobre las afeas forestales incluidas en el alcance, disponible en las oficinas de NORFOR (norte forestal s.a).” A copy of the public summary was attached and it included the above statement.

Corrective Action evaluated by ASI

This CAR was evaluated by ASI in the November 2007 SGS office audit. SGS appealed this CAR as there is no FSC requirement that requests the geo-coordinates to be presented in public summary reports. They only have to be presented in the full (confidential) section of the report. SGS therefore is formally in compliance with FSC requirements. However to enable further stakeholder input, SGS and Norfor agreed to the following:

1. The public summary report (main and last surveillance) includes a full list of members of the certificates, including name and size of the location.
2. The list of members will be updated in each new public summary report.
3. Norfor invites every interested stakeholder to come to their office to see detailed maps and further information about the location and management of the plantations.
4. This invitation is made known to stakeholders through an invitation included in the SGS public summary report.

<input checked="" type="checkbox"/> CLOSED	Name auditor:	Hans Joachim Droste	Date:	05/03/08
<input type="checkbox"/> UPGRADED				
<input type="checkbox"/> OTHER DECISION				

Comments:

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.02	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	

The first surveillance of the Norfor group was based on a sample of 60% of the square root of x. This is the formula to be applied for SLIMFS operations. SGS argued in their audit report that they considered the operations as “low intensity”. There is no justification for industrial plantations with short rotations managed by Norfor to be considered “low intensity”.

Normative Reference(s)	FSC-STD-20-007 Clause 3.3			
Corrective Action Request: SGS Qualifor 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.				
Timeline for implementation	ASI Office Assessment 2008			
Corrective Action implemented by Certification Body				
The assumption by the auditor during this first surveillance that the group was compliant with the SLIMF criteria was an incorrect interpretation of the Qualifor procedures. This was shortly after the introduction of the SLIMF scheme and before Qualifor had had a chance to ensure proper interpretation through training. The NORFOR plantations cannot be considered SLIMF and this has been corrected in the sampling for subsequent surveillance evaluations. The requirement of the Qualifor scheme has also since been re-emphasized through refresher training of the auditors.				
Corrective Action evaluated by ASI				
This CAR was evaluated by ASI in the November 2007 SGS office audit. Also wrongly interpreted in the audit, the sampling applied by SGS did comply with the sampling intensity as calculated by ASI. Therefore Norfor sites were not "under-sampled". SGS implemented further training to avoid recurrence.				
X CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:	Hans Joachim Droste	Date:	13 Nov 07
<u>Comments:</u> Evaluated during 2007 office audit				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST			
REF. No.	CAR.SGS.FM.ESP.2007.03	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<i>There is evidence that Norfor is not conducting EIA's as required by law when establishing new</i>			

plantations. SGS shall ensure compliance with legal requirements and seek formal and independent clarification if needed.					
Normative Reference(s)		FSC-STD-01-001 Criterion 1.1 and Criterion 1.4			
Corrective Action Request: SGS Qualifor 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.					
Timeline for implementation		ASI Office Assessment 2008			
Corrective Action implemented by Certification Body					
<p>The 2007 SGS surveillance report states the following:</p> <p>“At the third surveillance visit of November 2007, it was confirmed that the NORFOR staff are well aware of the need to carry out environmental assessments. It was verified that environmental evaluations was carried out prior to the land preparation (ripping and pitting) operations. This is required by law for areas of >10 ha, but NORFOR routinely do this for all land preparation operations. This was checked at Molios novos, where an evaluation was available together with the authorisation as legally required. Any virgin planting also requires an EIA by law. It was confirmed that there was an EIA carried out prior to the afforestation of Chan de Aradelas. For this afforestation there was not a single EIA document, but numerous documents that had to be read in relation to the development. The two most important documents are the “Afforestation Plan for Chan de Aradelas, dated 19 May 2005, and the Environmental Evaluation dated June 2005. There is also a letter from the Environmental Administration dated 22 June 2005 with the ROD (Record of Decision) and the terms of the afforestation. It was very clear that an Environmental (including ecological) Evaluation had been carried out, as legally required and this evaluation was detailed enough to be appropriate for the development. NORFOR have also designed a new checklist for assessing impacts of operations, and this checklist was also used for the above mentioned ripping operation. There was no further evidence that the impacts of site disturbing operations were not being adequately assessed prior to development.”</p>					
Corrective Action evaluated by ASI					
This CAR was evaluated by ASI in the November 2007 SGS office audit. SGS demonstrated that the open question of the legal requirement for an EIA was evaluated again in the 2007 SGS audit. ASI assessors cross-checked the legal obligations.					
X CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:	Hans Joachim Droste	Date:	13 Nov 07
Comments: SGS needs to monitor the implementation of the EIA process, including use of the impact checklist and more important the evaluation and consequences of the results of the EIA.					

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.04	Date	10 August 2007	
Nonconformity detected by (name of auditor)		Hans Joachim Droste		
Through (e.g. office audit, document review)		FM Spot Audit 2007		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<i>There is no evidence that Norfor is adequately controlling erosion during planting and harvesting activities (incl. soil preparation). A report on the erosion risk was available but not considered by Norfor.</i>				
Normative Reference(s)		FSC-STD-01-001 Clause 6.5		
Corrective Action Request: SGS Qualifor 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.				
Timeline for implementation		ASI Office Assessment 2008		
Corrective Action implemented by Certification Body The 2007 audit report by SGS basically confirms the ASI findings: SA2007.13: "Soil type needs to be taken into consideration especially in terms of fertility and soil sensitivity and soil structure needs to be preserved in some cases, where <u>ripping may not be best practice.</u>" <u>SGS CAR against Norfor remains open.</u>				
Corrective Action evaluated by ASI Deadline still pending until 2008 office audit				
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:		Date:
Comments: ASI will monitor SGS close-out evaluation of SA2007.13 at the deadline to ensure that the problem has either been objectively corrected by Norfor or adequate action has been taken by SGS.				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.05	Date	10 August 2007	
Nonconformity detected by (name of auditor)		Hans Joachim Droste		
Through (e.g. office audit, document review)		FM Spot Audit 2007		
Nonconformity		Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<i>Norfor did not make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1 of The FSC Principles and Criteria.</i>				
Normative Reference(s)		FSC-STD-01-001 Criterion 7.1 h		
Corrective Action Request: SGS Qualifor 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.				
Timeline for implementation		3 months from finalization of this report.		
Corrective Action implemented by Certification Body				
The public summary report is now (at the time of the 2007 office assessment) available on the web under http://www.ence.es/pdfs/Resumen_Plan_Gestion_Norfor.pdf 2007 audit report by SGS confirms compliance with 7.1				
Corrective Action evaluated by ASI				
This CAR was evaluated by ASI in the November 2007 SGS office audit. ASI assessor with Spanish as native language evaluated the summary and confirmed compliance with FSC Criterion 7.4/ 7.1 (FSC P&C).				
<input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:	Hans Joachim Droste / Alfredo Unda	Date: 05/03/08
Comments:				

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.06	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION
<i>There is no evidence that Norfor is implementing procedures for monitoring of appropriate indicators to assess the full magnitude of social and environmental impacts of their management activities.</i>			
Normative Reference(s)		FSC-STD-01-001 Clause 8.2.d	
Corrective Action Request: SGS Qualifor 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.			
Timeline for implementation		ASI Office Assessment 2008	
Corrective Action implemented by Certification Body			
The 2007 audit report by SGS basically confirms ASI findings: SAC 20: <i>“What was lacking was evidence of the monitoring of fauna and flora, specifically RT&E species as well as water quality monitoring of the impacts of forestry. Minor CAR 29 was raised. „</i>			
Corrective Action evaluated by ASI			
Deadline still pending until 2008 office audit			
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:		Date:
Comments: ASI will monitor SGS close-out evaluation of SAC20 at the deadline to ensure that the problem has either been objectively corrected by Norfor or adequate action has been taken by SGS.			

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.07	Date	10 August 2007		
Nonconformity detected by (name of auditor)		Hans Joachim Droste			
Through (e.g. office audit, document review)		FM Spot Audit 2007			
Nonconformity		Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION		
SGS could not adequately demonstrate that Norfor has been evaluated for full compliance with Principle 9.					
Normative Reference(s)		FSC-STD-01-001 Principle 9			
Corrective Action Request: SGS Qualifor 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.					
Timeline for implementation		3 months from finalization of this report.			
Corrective Action implemented by Certification Body					
<p style="color: red;">The 2007 audit report by SGS re-confirms ASI findings: SAC M31 "Lack of assessment to determine the presence of attributes consistent with High Conservation Value Forests. Principle 9 has not been assessed."</p>					
Corrective Action evaluated by ASI					
<p style="color: green;">This CAR was evaluated by ASI in the November 2007 SGS office audit. SGS admitted that Norfor is – after 4 years of being certified- still not in compliance with FSC requirements for HCVF at the Principle level. A certificate should not have been issued in the first place (see FSC-STD-20-001 Clause 19.1). Now, following the November 2007 SGS audit at Norfor, SGS issued MAJOR CAR M31 to correct the problem. Actually, if the FSC standards had such a provision, the Norfor certificate should be suspended immediately until the problem has been corrected.</p>					
<input checked="" type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*		Name auditor:	Hans Joachim Droste	Date:	15/01/08
Comments: <p style="color: green;">ASI will monitor SGS close-out evaluation of SAC M31 at the deadline to ensure that the problem has</p>					

either been objectively corrected by Norfor or adequate action has been taken by SGS.

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.08	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION
SGS Qualifor is not demonstrating full compliance of Norfor with FSC requirements for effectively monitoring and controlling of invasive species on their territory.			
Normative Reference(s)	FSC-STD-01-001 Criterion 10.4		
Corrective Action Request: SGS Qualifor 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.			
Timeline for implementation		ASI Office Assessment 2008	
Corrective Action implemented by Certification Body			
<p>The 2007 audit report by SGS basically confirms ASI findings:</p> <p>SAC 17: "there was an isolated incidence of <i>E. globulus</i> regeneration downstream from cleared buffer zones on Buchabade."</p> <p>SAC 18 "At the Bascabrieros Forest visited there was evidence of <i>E. globulus</i> and <i>Acacia melanoxylon</i> (Blackwood) regeneration in the conservation area" "Similarly in the Molios novos river buffer zone where there was evidence of <i>E. globulus</i> in the riparian zone."</p> <p>SGS is reporting that Norfor is implementing adequate control measures.</p>			
Corrective Action evaluated by ASI			
Deadline still pending until 2008 office audit			
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:	Date:	

Comments:

ASI will monitor SGS close-out evaluation of SAC 17 and 18 at the deadline to ensure that the problem has either been objectively corrected by Norfor or adequate action has been taken by SGS.

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	CAR.SGS.FM.ESP.2007.09	Date	10 August 2007
Nonconformity detected by (name of auditor)	Hans Joachim Droste		
Through (e.g. office audit, document review)	FM Spot Audit 2007		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
Stakeholders from Asturias and from Cantabria were not adequately represented in the stakeholder process employed by SGS Qualifor.			
Normative Reference(s)	FSC-STD-20-006 Clause 1.4.1		
Corrective Action Request: SGS Qualifor 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.			
Timeline for implementation	ASI Office Assessment 2008		
Corrective Action implemented by Certification Body			
Corrective Action evaluated by ASI			
Deadline still pending until 2008 office audit			
<input type="checkbox"/> CLOSED <input type="checkbox"/> UPGRADED <input type="checkbox"/> OTHER DECISION*	Name auditor:		Date:
Comments:			

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	REC.SGS.FM.ESP.2007.01	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> OBSERVATION	
<i>SGS should ensure Norfor compliance with Criterion 10.3 of the Spanish FSC Standard.</i>			
Normative Reference(s)	FSC-STD-20-002 Clause 8.3; FSC-STD-01-001 Criterion 10.3		
Comments: SGS issued a MAJOR CAR 30 following their 2007 surveillance audit			

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NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	REC.SGS.FM.ESP.2007.02	Date	10 August 2007
Nonconformity detected by (name of auditor)		Hans Joachim Droste	
Through (e.g. office audit, document review)		FM Spot Audit 2007	
Nonconformity	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> OBSERVATION	
<i>SGS should investigate whether the harvesting residuals left un-chipped on-site increase the risk of forest fires and should be addressed by the certificate holder.</i>			
Normative Reference(s)	FSC P&C, Criterion 10.7		
Comments: STILL OPEN			