

# ASI-ACCREDITATION SERVICES INTERNATIONAL GmbH

Charles-de-Gaulle-Str. 5 • 53113 Bonn, Germany • Tel.: +49 - 228 - 367 66 0 • info@accreditation-services.com

## FSC Annual Surveillance of SGS for 2008

Forest Management Audit to JSC “Segezha Pulp and Paper Mill”,  
Russia  
(SGS-FM/COC-003092)

Date of audit: May 19-22 2008

*Public summary*

	NAME	DATE
Report drafted by:	Guntars Laguns	30 May 2008
Reviewed by ASI:	Hubert de Bonafos	09 July 2008
Reviewed by CB:	SGS	18 August 2008
Finalized by ASI:	Guntars Laguns	25 August 2008
Report last updated:		

**Table of Content**

**1 BACKGROUND-----3**

THE OPERATION AUDITED BY SGS-----3

BRIEF DESCRIPTION OF THE COMPANY-----3

THE CERTIFICATION HISTORY -----3

ASI AUDIT DETAILS -----3

AUDIT AGENDA -----3

PEOPLE INVOLVED AND MET DURING THE AUDIT-----4

MAIN DOCUMENTS AND RECORDS REVIEWED -----4

**2 AUDIT OBJECTIVES AND PLANNING -----4**

**3 ASI STAKEHOLDER CONSULTATION PROCESS -----5**

**4 AUDIT FINDINGS RELATED TO CB PERFORMANCE -----5**

4.1 STRUCTURE AND CONTENT OF CB STANDARD AND ITS APPLICATION-----5

4.2 LOCAL ADAPTATION OF CB STANDARD-----5

4.3 AUDIT TEAM-----6

4.4 PRE-EVALUATION-----6

4.5 STAKEHOLDER CONSULTATION PROCESS -----6

4.6 FM EVALUATION -----7

4.7 THE CERTIFICATION REPORTS (MAIN REPORT AND PUBLIC SUMMARY)-----7

**5 CB EVALUATION OF CERTIFICATE HOLDER’S COMPLIANCE. -----8**

5.1 PRINCIPLE 1 -----8

5.2 PRINCIPLE 2 -----8

5.3 PRINCIPLE 3 -----8

5.4 PRINCIPLE 4 -----8

5.5 PRINCIPLE 5 -----9

5.6 PRINCIPLE 6 -----10

5.7 PRINCIPLE 7 -----10

5.8 PRINCIPLE 8 -----11

5.9 PRINCIPLE 9 -----11

5.10 PRINCIPLE 10 -----12

5.11 CHAIN OF CUSTODY -----12

5.12 USE OF FSC TRADEMARK -----12

**6 DECISION MAKING ----- 13**

**SUMMARY OF NONCONFORMITIES AND OBSERVATIONS ----- 14**

**CONCLUSION AND RECOMMENDATION----- 14**

**CREDITS----- 14**

**OTHER ----- 14**

**TERMS AND DEFINITIONS ----- 14**

**ATTACHMENTS ----- 15**

## 1 Background

The operation audited by SGS

<b>Name of operation</b>	JSC "Segezha Pulp and Paper Mill"
<b>Type of company</b>	Multiple FMU
<b>Total area</b>	1 795 482 ha
<b>Type of management</b>	natural forests
<b>Name of contact person</b>	Teslya Iliya
<b>Country</b>	Russia
<b>Phone number</b>	+7 81431 34937
<b>E-mail address</b>	tiv-cbk@karelia.ru

Brief description of the company

More information about the company can be obtained from SGS Public reports, available on SGS website and company website.

The certification history

<b>Main evaluation</b>	July 20-27 2006
<b>Follow up audit</b>	October 24-27 2006
<b>Issue of certificate</b>	22 Feb 2007
<b>1<sup>st</sup> surveillance</b>	July 24-27 2007
<b>2<sup>nd</sup> surveillance</b>	this audit

ASI Audit Details

<b>Purpose of audit</b>	Annual SGS FM surveillance audit
<b>ASI lead auditor</b>	Guntars Laguns
<b>Local Expert</b>	Viktor Pankratov
<b>Audit language</b>	Russian, English
<b>other</b>	Hubert de Bonafos (ASI managing Director, observer)

Audit agenda

<b>19 May (Monday)</b>	
AM	Opening meeting ASI and SGS
	Opening meeting in company office
	Review of stakeholders' complaints
PM	Follow up on CARs from previous audits
	Meeting with state forest service
<b>20 May (Tuesday)</b>	
AM/ PM	Forest site visits
<b>21 May (Wednesday)</b>	
AM/PM	Forest site visits / meeting with local stakeholders
<b>22 May (Thursday)</b>	

AM	Review of company documents
	Nursery visit
PM	SGS and company closing meeting
	ASI and SGS closing meeting

People involved and met during the audit

<b>CB</b>	Wlodzimierz Jankowski (lead auditor) Maxim Markov (technical expert) Gerrit Marais (SGS Qualifor director, observer)
<b>Operation</b>	Company staff members
<b>Others</b>	Maria Tsyachnyuk (observer) Andrei Ptichnikov (FSC Russia) Observers from Russian Federation North West forest department

Main documents and records reviewed

<b>CB documents</b>	SGS Forest Management Certification Reports SGS Forest Management Evaluation Plan SGS Forest management standard for evaluation of
<b>Company's documents</b>	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.

ASI surveillance assessments are conducted according to the methodology of “*witness audits*” following the recommendations of the ISO/ IAF Accreditation Auditing Practice Group (APPG) published in 2005. ASI assessments are based on a sample of the valid certificates of the assessed CAB within the scope of accreditation. The number of assessments per year is determined by ASI surveillance policy; sampling is based on the ASI sampling procedure. Due to the nature of the ASI surveillance procedure, assessment evidence is only based on a sample of the information available and therefore there is always an element of uncertainty in the assessment 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.

ASI did not receive any comments from consulted international or national stakeholders in regards to this audit. However, ASI has collected a number of stakeholder complaints related to SGS evaluations in Russia. Mainly, stakeholders complained about the SGS audit practises and decision making as well as the evaluation of certain elements of the standard, such as evaluation of compliance with HCVF requirements. Generally some of these issues have been confirmed during this ASI audit. For example SGS decision making and SGS evaluation of HCVF management are addressed by major corrective action requests in this report.

### 4 Audit findings related to CB performance

#### 4.1 Structure and content of CB standard and its application

<b>CB audit team in compliance with FSC-STD-20-002</b>	<p>SGS audit team has used SGS QUALIFOR FOREST MANAGEMENT GENERIC STANDARD 2006, adapted to local requirements for North West of Russia (June 2006), available at <a href="http://www.forestry.sgs.com/forest_management_reports">http://www.forestry.sgs.com/forest_management_reports</a>.</p> <p>There is not evidence that a list of the multilateral environmental agreements and ILO Conventions that the country has ratified is included.</p> <p><b>CAR.SGS.FM.2008.01.Ru</b> (FSC-STD-20-002, part 3.16)</p>
--	---

#### 4.2 Local adaptation of CB standard

<b>CB audit team in compliance with FSC-STD-20-003</b>	No nonconformity with FSC accreditation requirements was identified.
--	--

4.3 Audit team

<p><b>CB audit team in compliance with FSC-STD-20-004 and ISO19011:2002</b></p>	<p>SGS audit team consisted of two persons (lead auditor and forestry expert) who have the required qualification and experience to conduct FSC forest management audits.</p> <p>Nonetheless, ASI audit team considers that in several occasions the SGS audit team has not complied with ISO 19011:2002 requirements. ASI audit team witnessed the following situations:</p> <ul style="list-style-type: none"> <li>• Although SGS has prepared an evaluation plan, it does not specify the scope of the audit and audit schedule. It also does not specify the audit team and its responsibilities.</li> </ul> <p><b>CAR.SGS.FM.2008.02.Ru</b> (ISO 19011:2002)</p> <ul style="list-style-type: none"> <li>• SGS technical expert in several occasions had an aggressive attitude during the audit. ASI acknowledges difficulties of controlling audit with such a large number of participants; however, ASI recommends SGS to ensure that its auditors and experts improve their audit techniques and communication skills.</li> </ul> <p><b>REC.SGS.FM.2008.01.Ru</b></p> <ul style="list-style-type: none"> <li>• During the audit it was evident that one of SGS observer was very supportive of the company, and in several occasions expressed opinions on behalf of the company, (e.g. "we did", "we thought" and "I can explain"). ASI considers that SGS should clearly define the role of observers and instruct them of their role and responsibilities during an audit and they should be instructed not to interfere during the audit.</li> </ul> <p><b>REC.SGS.FM.2008.02.Ru</b></p>
---	---

4.4 Pre-evaluation

<p><b>CB audit team in compliance with FSC-STD-20-005</b></p>	<p>SGS pre-evaluation process has not been assessed during this audit.</p>
---	--

4.5 Stakeholder consultation process

<p><b>Compliance with FSC-STD-20-006</b></p>	<p>SGS has provided the list of consulted stakeholders. Although the list provided by SGS included all relevant stakeholders, some of them expressed during the ASI stakeholder consultation process that SGS has never directly contacted them asking for their opinion on the performance of the certified company. SGS also organized public meetings. However, according to stakeholders these meetings do not give possibility for stakeholders to provide comments in confidence.</p> <p>During the ASI audit, the SGS audit team performed interviews of</p>
--	---

	<p>workers and stakeholders in the presence of the management and company representatives. Such practice does not give the opportunity to stakeholders to provide comments in confidence.</p> <p><b>CAR.SGS.FM.2008.03.Ru</b> (FSC-STD-20-006, part 1.4)</p> <p>Also, ASI audit team considers that SGS should review its stakeholder consultation procedures to ensure that adequate consultations are carried out with all relevant stakeholders (such as state forest service, or other forestry related organizations).</p> <p><b>REC.SGS.FM.2008.03.Ru</b></p>
--	---

4.6 FM evaluation

<p><b>CB audit team in compliance with FSC-STD-20-007</b></p>	<p>For this surveillance audit SGS had scheduled 4 days. ASI considers that for large scale certified operation such as this certified company and also the distance between FMUs and travel time needed to perform appropriate sampling, the time scheduled by SGS did not allow sufficient time for the auditors to complete all the requirements of the assessment.</p> <p><b>CAR.SGS.FM.2008.04.Ru</b> (FSC-STD-20-007, 4.5)</p> <p>During the audit it was evident that in several cases SGS auditors has reached a conclusion based on information provided by the company but did not crosschecked and verified it against objective evidence. Also, during the planning for this audit, the SGS auditors selected a overall region to be visited. However, no specific site and/or place were selected by the SGS audit team as part of a clear sampling methodology but instead most of the sites visited were selected and proposed by the company.</p> <p><b>CAR.SGS.FM.2008.05.Ru</b> (FSC-STD-20-007, 1.3)</p>
---	---

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>In SGS evaluation report some minor CARs are referenced at Criterion level and some at Indicator level. ASI audit team considers that if CAR is referenced at Criterion level, then according to the FSC requirements this refers to a Criterion level non-compliance and shall be graded as a Major nonconformity. SGS should clarify its procedures and adequately train its auditors, to ensure that each non-compliance identified is correctly graded and referenced to the appropriate standard requirements.</p> <p><b>REC.SGS.FM.2008.04.Ru</b></p> <p>Some parts of the SGS report have been left empty, the report is missing some dates, data on the decision making process, and some information presented in English is different from the Russian version. SGS should ensure that all information is accurately filled</p>
--	--

	<p>in the report as required by SGS procedures.</p> <p><b>REC.SGS.FM.2008.05.Ru</b></p> <p>SGS public summary reports are available on SGS website both in Russian and English.</p>
--	---

**5 CB evaluation of certificate holder's compliance.**

5.1 Principle 1

<p><b>Certificate holder compliance with FSC Principle 1</b></p>	<p>ASI and SGS audit team during the audit witnessed recent illegal activities, for example, recently illegally harvested trees. This aspect was not highlighted and addressed during the SGS closing meeting. According FSC requirements forest management areas should be protected from illegal harvesting, however, there was no evidence that SGS has evaluated this aspect.</p> <p>ASI proposes the following minor corrective action request to address the lack of appropriate evaluation of compliance with FSC criteria 1.5:</p> <p><b>CAR.SGS.FM.2008.06.Ru</b></p>
--	--

5.2 Principle 2

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

5.3 Principle 3

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

5.4 Principle 4

<p><b>Certificate holder compliance with FSC Principle 4</b></p>	<p>ASI audit team considers that the company has not implemented appropriately health and safety requirements. ASI audit team witnessed that no warning signs of ongoing operations were placed on sites, as well as not all personnel wear appropriate personal protective equipment.</p> <p>ASI proposes the following minor corrective action request to address the lack of appropriate evaluation of compliance with FSC criteria 4.2:</p> <p><b>CAR.SGS.FM.2008.07.Ru</b></p> <p>ASI has evaluated the company's relation with the local population. During the audit local people stated very clearly that the company</p>
--	---

	<p>is very important in this region for the local communities and the local economy and has significant social impact, for e.g. fuel wood supply, sponsorship, maintenance of infrastructure, transport supply, as well as other aspects. There were no evidence that appropriate social impact assessment has been carried out according to the scale and impacts of the company. The results of such Social Impact Assessment should have been formally incorporated in the company's management plans</p> <p>ASI proposes the following minor corrective action request to address the lack of appropriate evaluation of compliance with FSC criteria 4.4:</p> <p><b>CAR.SGS.FM.2008.08.Ru</b></p> <p>At the time of the ASI audit, the living conditions in the forest of contractors were very different from the leaving conditions provided to the company's workers and were not appropriate as basic facilities had not been provided to the workers. ASI witnessed situations where forest workers living conditions were not adequate, e.g. missing toilets, washing facilities, etc. SGS identified this issue as a nonconformity and during the closing meeting raised a CAR to address issue.</p>
--	---

5.5 Principle 5

<p><b>Certificate holder compliance with FSC Principle 5</b></p>	<p>ASI witnessed that one site of relatively young stand was harvested. Although no clear evidence exists that the stand was too young to be harvested, the trees rings on stumps and remaining seed trees gave the strong impression that the maturity of the stand which had been harvested may be questioned.</p> <p>ASI proposes a recommendation for SGS to ensure that the certified operation reviews its harvesting plans so that only mature tree stands of an appropriate age are harvested.</p> <p><b>REC.SGS.FM.2008.06.Ru</b></p> <p>The company has short terms harvesting plan (Plan rubok) which does not include all silviculture activities except the harvesting activities. The type of other silviculture activities are defined and quantified in supplementary documents, which are provided by regional forest administration at the beginning of each year. In most cases the silviculture activities required by the administration, such as regeneration, pre-commercial and commercial thinning, are significantly reduced if compared with state forest management documentation and no justification could be provided by the company for such reduction. Also, the company has not generally carried any pre-commercial thinning activities until now, despite the fact that this is an administrative requirement. Although the company generally complies with local regulations, ASI considers that the company does not ensure that all necessary investments in the forest are implemented to ensure that the productivity of the</p>
--	---

	<p>forest is maintained over the long term.</p> <p>ASI proposes the following minor corrective action request to address the lack of appropriate evaluation of compliance with FSC criteria 5.1:</p> <p><b>CAR.SGS.FM.2008.09.Ru</b></p>
--	--

5.6 Principle 6

<p><b>Certificate holder compliance with FSC Principle 6</b></p>	<p>ASI witnessed a number of nonconformities against indicators 6.1, 6.2, 6.3, 6.4 and 6.5 during this audit. The ASI audit team considers that the company's current procedures for evaluating, monitoring and addressing environmental impacts are not appropriate to deal with the scale and impacts of the operation, such as road building, extraction of gravel, protection of sensible ecosystems, key biotopes, red book species, erosion, soil damage and sedimentation of water bodies. There was no evidence of onsite EIA before operations have been carried out, as well as no evidence that impact minimization was considered during the planning of the operations. These nonconformities were not appropriately addressed by SGS before a certificate was issued as well as after the first surveillance audit. During the closing meeting SGS proposed to raise a major CAR to the company so as to address all these issues.</p> <p>During the audit ASI audit team noted that the company lacks proper procedure to avoid and prevent spills of oil, as well as clean-up equipments and disposal facilities were absent. During the closing meeting SGS proposed to raise two minor CARs to the company so as to address these issues.</p> <p>The company's waste management procedure was not adequate and not properly implemented to ensure minimization of waste in FMUs. Following this audit, SGS raised a Major CAR to address this issue.</p>
--	--

5.7 Principle 7

<p><b>Certificate holder compliance with FSC Principle 7</b></p>	<p>The company has developed only short term harvesting plans (Plan Rubok), instead of long-term management plans. These plans do not include updated information for all silviculture activities, such as thinning, regeneration etc. Following this audit, SGS issued a Major CAR to address this non-compliance.</p> <p>During the audit in several occasions it was evident that the company has not fully implemented appropriate supervision and training of staff to ensure that the Forest Management Plan is properly implemented.</p> <p>SGS raised a Major CAR to address issue during the closing meeting.</p> <p>Publicly available data on the company's website was reviewed to</p>
--	--

	<p>assess compliance with FSC standard requirements. However, almost all elements as requested by Criterion 7.4 and 7.1 are missing from the published information, and no other information is available to indicate if and how public summary information can be obtained. The offices of the company are not accessible to general stakeholders.</p> <p>ASI proposes the following major corrective action request to address the lack of appropriate evaluation of compliance with FSC Criterion 7.4:</p> <p><b>CAR.SGS.FM.2008.10.Ru</b></p>
--	---

5.8 Principle 8

<p><b>Certificate holder compliance with FSC Principle 8</b></p>	<p>Publicly available data on the company’s website was reviewed to assess compliance with FSC standard requirements. However, the public summary of the management plan is missing almost all elements as requested by Criterion 8.5, and no other public information is available to indicate how public summary data can be obtained.</p> <p>See major <b>CAR.SGS.FM.2008.10.Ru</b> in part 5.7.</p> <p>ASI considers that CoC issues were not appropriately covered during this SGS evaluation. For example, while visiting timber yards in the forests, no segregation marks could be found despite the fact that company representatives stated that on these yards they keep timber from different sites. It was also not clear how CoC procedure were implemented to address these issues.</p> <p>ASI proposes the following minor corrective action request to address the lack of appropriate evaluation of compliance with FSC Criterion 8.3:</p> <p><b>CAR.SGS.FM.2008.11.Ru</b></p>
--	--

5.9 Principle 9

<p><b>Certificate holder compliance with FSC Principle 9</b></p>	<p>During the closing meeting SGS did not raise any issues or CARs related to management of HC VF. ASI considers that identification, evaluation and management of HCV are not fully implemented by the company, and thus needs to be addressed by SGS. For example, company has built a new road apparently in area with HCV, however, only after the road was built these HCV values were identified. This is not in line with the precautionary approach required for HC VF management, which requests that values must be identified before they may be affected by forest operations. Another example, which indicates a systematic problem in the management of HCVs, is related to the way how some HC VF were designed. When discussed with the company representatives how certain types (e.g. old growth forests) were identified, then it was</p>
--	--

	<p>said that local NGO (SPOK) provided a list with areas considered as HCVF and then these areas have been designed as HCVF. However, the company did not have any information on how the values in the designated HCVF were evaluated and further, how these values will be managed so as to be maintained. Finally, not all types of HCVF had been evaluated and identified in all FMUs.</p> <p>Another aspect related to HCVF is that the certificate holder has opted to include all formally protected areas as HCVF. This is a frequent practice in Russia. ASI considers that in some cases their protection regimes can be questioned as they may not ensure the maintenance of HCV in the forest. For example, in many formally protected areas only clear felling is prohibited, however, all other commercial activities are allowed. During the audit there was no evidence available regarding the definition of these high conservation attributes and values in these formally protected areas, as well as there were no management regimes defined to maintain the values presented by the company.</p> <p>Since no proper identification and management of all high conservation values were evident, ASI considers that monitoring to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes can not be fully implemented of all HCVF.</p> <p>ASI proposes the following major corrective action request to address the lack of appropriate evaluation of compliance with FSC Principle 9:</p> <p><b>CAR.SGS.FM.2008.12.Ru</b></p>
--	---

5.10 Principle 10

<b>Certificate holder compliance with FSC Principle 10</b>	NA
--	----

5.11 Chain of custody

<b>Certificate holder compliance with FSC chain of custody requirements</b>	No processing sites included in FMU.
---	--------------------------------------

5.12 Use of FSC trademark

<b>Certificate holder compliance with FSC Logo use requirements</b>	No noncompliance identified.
---	------------------------------

**6 Decision making**

<p><b>Certificate holder compliance with FSC decision making requirements</b></p>	<p>During the first surveillance audit, SGS has prolonged the timeline for several minor CARs (02, 08, 12, and 18) resulting from main assessment without providing justification for any exceptional circumstances. This is not inline with FSC requirements. As the FSC certificate was issued only on February 2007, these prolonged CARs have been valid for around 15 months, and while all these SGS CARs were subsequently addressed during this audit, SGS shall ensure that SGS lead auditors do not prolong CARs without appropriate justification.</p> <p><b>CAR.SGS.FM.2008.13.Ru</b> (FSC-STD-20-002, part 8)</p> <p>A very important aspect identified after reviewing the SGS reports was related to the closure of previously issued CARs. A number of the CARs issued by SGS after this ASI audit addressed the same non-compliances as the one identified by SGS during the main assessment. Some of the CARs (e.g. 9, 10) have been closed out based on procedures presented by company which were not implemented. Also, during this surveillance audit SGS auditors decided to close CAR 18 related to EIA, and replaced it with a new Major CAR. ASI considers that SGS auditors approach of evaluating and closing CARs is not acceptable and not in line with FSC decision making and evaluation requirements.</p> <p>Major <b>CAR.SGS.FM.2008.14.Ru</b> (FSC-STD-20-002, part 8)</p>
---	---

**Summary of nonconformities and observations**

Major CAR(s)	Minor CAR(s)	Observations
3	11	6

See nonconformity reports (attached) for details.

**Conclusion and recommendation**

SGS audit team conducted a systematic and well organized audit, and identified and covered most issues in a professional manner.

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

**Credits**

The author would like to thank Marais Gerrit, Wlodzimierz Jankowski, Maxim Markov, as well as staff from JSC “Segezha Pulp and Paper Mill” 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>1</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)

---

<sup>1</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

Charles-de-Gaulle-Str. 5 • 53113 Bonn, Germany • Tel.: +49 - 228 - 367 66 0 • info@accreditation-services.com

### NONCONFORMITY / CORRECTIVE ACTION REQUEST

REF. No.	REC.SGS.FM.2008.01.Ru	Date	May 22 2008
Nonconformity detected by (name of auditor)		Guntars Laguns	
Through (e.g. office audit, document review)		FM surveillance Audit 2008	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
SGS technical expert in several occasions had an aggressive attitude during the audit. ASI acknowledges difficulties of controlling audit with such a large number of participants; however, ASI recommends SGS to ensure that its auditors and experts improve their audit techniques and communication skills.			
Normative Reference(s)	NA		
Comments:			

## 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.	REC.SGS.FM.2008.02.Ru	Date	<b>May 22 2008</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2008</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>During the audit it was evident that one of SGS observer was very supportive of the company, and in several occasions expressed opinions on behalf of the company, (e.g. "we did", "we thought" and "I can explain"). ASI considers that SGS should clearly define the role of observers and instruct them of their role and responsibilities during an audit and they should be instructed not to interfere during the audit.</p>			
Normative Reference(s)	NA		
Comments:			

## 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.	REC.SGS.FM.2008.03.Ru	Date	<b>May 22 2008</b>
Nonconformity detected by (name of auditor)		<b>Guntars Laguns</b>	
Through (e.g. office audit, document review)		<b>FM surveillance Audit 2008</b>	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
ASI audit team considers that SGS should review its stakeholder consultation procedures to ensure that adequate consultations are carried out with all relevant stakeholders (such as state forest service, or other forestry related organizations).			
Normative Reference(s)	NA		
Comments:			

## 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.	REC.SGS.FM.2008.04.Ru	Date	May 22 2008
Nonconformity detected by (name of auditor)		Guntars Laguns	
Through (e.g. office audit, document review)		FM surveillance Audit 2008	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>In SGS evaluation report some minor CARs are referenced at Criterion level and some at Indicator level. ASI audit team considers that if CAR is referenced at Criterion level, then according to the FSC requirements this refers to a Criterion level non-compliance and shall be graded as a Major nonconformity.</p> <p>SGS should clarify its procedures and adequately train its auditors, to ensure that each non-compliance identified is correctly graded and referenced to the appropriate standard requirements.</p>			
Normative Reference(s)	NA		
Comments:			

## 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.	REC.SGS.FM.2008.05.Ru	Date	May 22 2008
Nonconformity detected by (name of auditor)		Guntars Laguns	
Through (e.g. office audit, document review)		FM surveillance Audit 2008	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
Some parts of the SGS report have been left empty, the report is missing some dates, data on the decision making process, and some information presented in English is different from the Russian version. SGS should ensure that all information is accurately filled in the report as required by SGS procedures.			
Normative Reference(s)	NA		
Comments:			

## 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.	REC.SGS.FM.2008.06.Ru	Date	May 22 2008
Nonconformity detected by (name of auditor)		Guntars Laguns	
Through (e.g. office audit, document review)		FM surveillance Audit 2008	
Observation	Status	<input type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input checked="" type="checkbox"/> <b>OBSERVATION</b>	
<p>ASI witnessed that one site of relatively young stand was harvested. Although no clear evidence exists that the stand was too young to be harvested, the trees rings on stumps and remaining seed trees gave the strong impression that the maturity of the stand which had been harvested may be questioned.</p> <p>ASI proposes a recommendation for SGS to ensure that the certified operation reviews its harvesting plans so that only mature tree stands of an appropriate age are harvested.</p>			
Normative Reference(s)	NA		
Comments:			

## 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.2008.01.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity		Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION	
SGS audit team has used SGS QUALIFOR FOREST MANAGEMENT GENERIC STANDARD 2006, adapted to local requirements for North West of Russia (June 2006), available at <a href="http://www.forestry.sgs.com/forest_management_reports">http://www.forestry.sgs.com/forest_management_reports</a> .				
There is not evidence that a list of the multilateral environmental agreements and ILO Conventions that the country has ratified is included.				
Normative Reference(s)		FSC-STD-20-002, part 3.16		
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.02.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
Although SGS has prepared an evaluation plan, it does not specify the scope of the audit and audit schedule. It also does not specify the audit team and its responsibilities.				
Normative Reference(s)	ISO 19011:2002			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.03.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
<p>SGS has provided the list of consulted stakeholders. Although the list provided by SGS included all relevant stakeholders, some of them expressed during the ASI stakeholder consultation process that SGS has never directly contacted them asking for their opinion on the performance of the certified company. SGS also organized public meetings. However, according to stakeholders these meetings do not give possibility for stakeholders to provide comments in confidence.</p> <p>During the ASI audit, the SGS audit team performed interviews of workers and stakeholders in the presence of the management and company representatives. Such practice does not give the opportunity to stakeholders to provide comments in confidence.</p>				
Normative Reference(s)	FSC-STD-20-006, part 1.4			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.04.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
For this surveillance audit SGS had scheduled 4 days. ASI considers that for large scale certified operation such as this certified company and also the distance between FMUs and travel time needed to perform appropriate sampling, the time scheduled by SGS did not allow sufficient time for the auditors to complete all the requirements of the assessment.				
Normative Reference(s)	FSC-STD-20-007, 4.5			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.05.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the audit it was evident that in several cases SGS auditors has reached a conclusion based on information provided by the company but did not crosschecked and verified it against objective evidence. Also, during the planning for this audit, the SGS auditors selected a overall region to be visited. However, no specific site and/or place were selected by the SGS audit team as part of a clear sampling methodology but instead most of the sites visited were selected and proposed by the company.				
Normative Reference(s)	FSC-STD-20-007, 1.3			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.06.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
ASI and SGS audit team during the audit witnessed recent illegal activities, for example, recently illegally harvested trees. This aspect was not highlighted and addressed during the SGS closing meeting. According FSC requirements forest management areas should be protected from illegal harvesting, however, there was no evidence that SGS has evaluated this aspect.				
Normative Reference(s)	FSC criteria 1.5			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.07.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
ASI audit team considers that the company has not implemented appropriately health and safety requirements. ASI audit team witnessed that no warning signs of ongoing operations were placed on sites, as well as not all personnel wear appropriate personal protective equipment.				
Normative Reference(s)	FSC criteria 4.2			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.08.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
ASI has evaluated the company's relation with the local population. During the audit local people stated very clearly that the company is very important in this region for the local communities and the local economy and has significant social impact, for e.g. fuel wood supply, sponsorship, maintenance of infrastructure, transport supply, as well as other aspects. There were no evidence that appropriate social impact assessment has been carried out according to the scale and impacts of the company. The results of such Social Impact Assessment should have been formally incorporated in the company's management plans				
Normative Reference(s)	FSC criteria 4.4			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.09.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
The company has short terms harvesting plan (Plan rubok) which does not include all silviculture activities except the harvesting activities. The type of other silviculture activities are defined and quantified in supplementary documents, which are provided by regional forest administration at the beginning of each year. In most cases the silviculture activities required by the administration, such as regeneration, pre-commercial and commercial thinning, are significantly reduced if compared with state forest management documentation and no justification could be provided by the company for such reduction. Also, the company has not generally carried any pre-commercial thinning activities until now, despite the fact that this is an administrative requirement. Although the company generally complies with local regulations, ASI considers that the company does not ensure that all necessary investments in the forest are implemented to ensure that the productivity of the forest is maintained over the long term.				
Normative Reference(s)	FSC criteria 5.1			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.10.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION		
Publicly available data on the company's website was reviewed to assess compliance with FSC standard requirements. However, almost all elements as requested by Criterion 7.4 and 7.1 are missing from the published information, and no other information is available to indicate if and how public summary information can be obtained. The offices of the company are not accessible to general stakeholders.				
Normative Reference(s)	FSC Criterion 7.4, 8.5			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.11.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
ASI considers that CoC issues were not appropriately covered during this SGS evaluation. For example, while visiting timber yards in the forests, no segregation marks could be found despite the fact that company representatives stated that on these yards they keep timber from different sites. It was also not clear how CoC procedure were implemented to address these issues.				
Normative Reference(s)	FSC Criterion 8.3			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.12.Ru	Date	May 22 2008
Nonconformity detected by (name of auditor)		Guntars Laguns	
Through (e.g. office audit, document review)		FM surveillance Audit 2008	
Nonconformity	Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION	
<p>During the closing meeting SGS did not raise any issues or CARs related to management of HCVF. ASI considers that identification, evaluation and management of HCV are not fully implemented by the company, and thus needs to be addressed by SGS. For example, company has built a new road apparently in area with HCV, however, only after the road was built these HCV values were identified. This is not in line with the precautionary approach required for HCVF management, which requests that values must be identified before they may be affected by forest operations. Another example, which indicates a systematic problem in the management of HCVs, is related to the way how some HCVF were designed. When discussed with the company representatives how certain types (e.g. old growth forests) were identified, then it was said that local NGO (SPOK) provided a list with areas considered as HCVF and then these areas have been designed as HCVF. However, the company did not have any information on how the values in the designated HCVF were evaluated and further, how these values will be managed so as to be maintained. Finally, not all types of HCVF had been evaluated and identified in all FMUs.</p> <p>Another aspect related to HCVF is that the certificate holder has opted to include all formally protected areas as HCVF. This is a frequent practice in Russia. ASI considers that in some cases their protection regimes can be questioned as they may not ensure the maintenance of HCV in the forest. For example, in many formally protected areas only clear felling is prohibited, however, all other commercial activities are allowed. During the audit there was no evidence available regarding the definition of these high conservation attributes and values in these formally protected areas, as well as there were no management regimes defined to maintain the values presented by the company.</p> <p>Since no proper identification and management of all high conservation values were evident, ASI considers that monitoring to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes can not be fully implemented of all HCVF.</p>			
Normative Reference(s)	FSC Principle 9		
Corrective Action Request: <b>CAB 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	Next office audit		

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:			

## 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.2008.13.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> <b>MINOR</b> <input type="checkbox"/> OBSERVATION		
During the first surveillance audit, SGS has prolonged the timeline for several minor CARs (02, 08, 12, and 18) resulting from main assessment without providing justification for any exceptional circumstances. This is not inline with FSC requirements. As the FSC certificate was issued only on February 2007, these prolonged CARs have been valid for around 15 months, and while all these SGS CARs were subsequently addressed during this audit, SGS shall ensure that SGS lead auditors do not prolong CARs without appropriate justification.				
Normative Reference(s)	FSC-STD-20-002, part 8			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				

## 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.2008.14.Ru	Date	May 22 2008	
Nonconformity detected by (name of auditor)		Guntars Laguns		
Through (e.g. office audit, document review)		FM surveillance Audit 2008		
Nonconformity	Status	<input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> OBSERVATION		
A very important aspect identified after reviewing the SGS reports was related to the closure of previously issued CARs. A number of the CARs issued by SGS after this ASI audit addressed the same non-compliances as the one identified by SGS during the main assessment. Some of the CARs (e.g. 9, 10) have been closed out based on procedures presented by company which were not implemented. Also, during this surveillance audit SGS auditors decided to close CAR 18 related to EIA, and replaced it with a new Major CAR. ASI considers that SGS auditors approach of evaluating and closing CARs is not acceptable and not in line with FSC decision making and evaluation requirements.				
Normative Reference(s)	FSC-STD-20-002, part 8			
Corrective Action Request: <b>CAB 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		Next office audit		
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:				