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FSC Annual Surveillance of SW for 2007

Follow-up Forest Management Audit to Forestal Anchile, Chile
(SW-FM/COC-222)

Date of audit: 10 and 11 May 2007

(Draft for comments)

	NAME	DATE
Report drafted by:	Hubert de Bonafos	21 May 2007
Reviewed by ASI:	Guntars Laguns	21 May 2007
Reviewed by SW:	SW report sent to ASI	30 May 2007
Finalized by ASI:	Hubert de Bonafos	09 July 2007
Report last updated:		

FSC Forest Management Surveillance Audit of SW for 2007: Forestal Anchile

Credits

The author would like to thank Jon Jickling and Ariel Zorrilla from SW as well as Forestal Anchile management team for preparing and making the arrangements that made this audit possible and efficient.

1 Background

The operation audited by SW

Name	Forestal Anchile
Forest type	Plantation
Name of contact person	Francisco Gallardo
Address	Juan Mackenna 1673, Osorno X región
Country	Chile

ASI Audit Details

Purpose of audit	Follow-up by ASI on compliance with major and minor corrective action requests proposed following the ASI 2005 FM surveillance audit in November 2005, at Forestal Anchile in Chile (ASI-REP-54-SW-2005-Anchile).
ASI lead auditor	Hubert de Bonafos
Local Expert/ translator	None
Audit language	Spanish
Sites audited	Forestal Anchile main office in Osorno FMU Los Riscos FMU San Juan

Audit agenda

10/05/2007	
9:00 to 9:30	Opening meeting SW auditor with Forestal Anchile
9:30 to 11:00	Presentation Forestal Anchile on actions taken to address SW major CAR
14:00 to 17:00	Visit to FMU los Riscos and to area converted to plantation after 1994
11/05/2007	
9:00 to 11:30	Review of documents in the office
13:00 to 15:00	Visit to FM San Juan
16:30 to 17:30	Closing meeting SW auditor with Forestal Anchile
12/05/2007	
8:30 to 10:00	Closing meeting ASI auditor with SW auditor

People involved in the audit

SmartWood	Ariel Zorilla – SW lead auditor
Forest enterprise	Yasushi Otani (Gerente General) Francisco Gallardo (Gerente Forestal) Jaime Venegas (Encargado silvícola)
Others	None

2 Audit objectives

The objectives of this forest management surveillance audit are:

1. Follow-up by ASI on compliance with major and minor corrective action requests proposed following the ASI 2005 FM surveillance audit in November 2005, at Forestal Anchile in Chile (ASI-REP-54-SW-2005-Anchile).

3 ASI stakeholder consultation process

ASI informed FSC Chile of this follow-up audit but did not perform a thorough stakeholder consultation process as the objective of this surveillance audit was to follow-up on previous outstanding minor and major corrective action requests.

Stakeholder comments	ASI response
NONE	

4 Audit findings based on outstanding minor and major corrective action requests

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

Based on the objective evidence evaluated during the FSC surveillance audit, the following CARs have been upgraded and new CARs have been proposed:

Nonconformity	SW audit team did not specify the relevant standard to be used for the evaluation and did not provide Forestal Anchile (SW-FM/COC-222) with a copy of the requirements for certification.
Grading	() Major (X) Minor
CAR.SW.FM.2005.13	SW shall ensure and demonstrate compliance with ISO 65 requirements, sections 4.3, 8.1, 9.1, 10
Reference	ISO 65, sections 4.3, 8.1, 9.1, 10.
Timeline	31 December 2006.
SW response	December 31 st email from Katherine Pierront provided a copy of the revised interim standard for Chile which was provided to Forestal Anchile in October before the 2006 audit. The 2006 audit report was attached to this email which documents the use of this standard (see section 1.5). If you would like a copy of the email from the South America office sending this standard, please let Katherine know.
ASI evaluation	<p>ASI reviewed SW 2006 surveillance report. Section 1.5 of the report states the following:</p> <p>“1.5. Cambios a estándares Para esta Auditoria se utilizaron los Estándares Interinos de SmartWood para Chile, versión octubre de 2006. Se han evaluado y considerado los indicadores y todos los cambios del estándar en esta auditoria.”</p> <p>SW Standard status that it will be used for all certification evaluations in Chile from October 2006 and the SW 2006 surveillance audit at Forestal Anchile took place in November 2006.</p> <p>This represents evidence that the new SW interim standard was used for the evaluation.</p> <p>However, the corrective action request refers to the fact that SW audit team did not specify the relevant standard to be used for the evaluation and <u>did not provide Forestal Anchile (SW-FM/COC-222) with a copy of the requirements for certification.</u></p>
Status of CAR in April 2007	ASI will check during the complementary field audit in May 2007 that a copy of the standard has been provided to the company in advance of the 2006 surveillance audit, so that the company could prepare to demonstrate compliance against the new indicators.
SW evidence provided	See Evidence 1 – Email sent to Forestal Anchile regarding new

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in May 2007	standards that would be used. Also see Evidence 2 – email sent to CAF el Alamo in preparation for its reassessment. The standard is part of this package. We implement this for all companies.
ASI evaluation during field audit in May 2007	During the field audit, ASI auditor was presented with a letter and e-mail dated 15 November 2006 showing that SW interim standard for Chile had been sent to the company prior to the audit which started on the 28 th of November 2006. ASI would like to recommend SW to send evaluation standards to companies well in advance of an audit, so that the company can prepare for the evaluation. Two weeks appears to be short time for a company to prepare for a monitoring audit against a new SW interim standard.
Status of CAR	Closed May 2007

Nonconformity	SW did not provide the FSC audit team with evidence of local adaptation of SW interim standard for Chile.
Grading	() Major (X) Minor
CAR.SW.FM.2005.14	SW shall ensure and demonstrate compliance with FSC-STD-20-003
Reference	FSC-STD-20-003
Timeline	31 December 2006.
SW response	See comment above. Email to company contains updated Chile interim standard.
ASI evaluation	SW interim standard states the following on its first page: “Para la elaboración de este estándar interino se usó como base el Estándar Genérico de SW re-acreditado por el FSC en Agosto 2005. El mismo fue complementado analizando el borrador de estándares del Grupo de Trabajo FSC de Chile, los Estándares para Plantaciones del Sistema Certfor, las leyes, convenios internacionales y convenciones ratificadas aplicables al sector forestal Chileno, así como los estándares interinos de los organismos de certificación IMO y Soil Association. Los indicadores adicionados específicamente a este estándar interino se encuentran en <i>itálicas</i> . The process described by SW in this note is not in line with FSC requirements for local adaptation of CB generic standards, FSC-STD-20-003, sections 3, 4.5, 4.8 and 5.
Status of CAR	OPEN
SW evidence provided in May 2007	FSC ASI is concluding non-compliance by SW based on the text on the first page of the interim standard. The comment included in that page is only for the knowledge of the general public and was not intended as a full explanation to the FSC of the whole process implemented by SW to adapt its new generic standards for Chile.

	<p>The sections mentioned above by FSC ASI focus mainly on the stakeholder process and documentation for interim standards previous to a full assessment. Based on this interpretation we consider SW has complied with this CAR as can be evidenced with the responses below. We request that ASI review its conclusions and consider the CAR closed.</p> <p>FSC-STD-20-003 V2-1 EN LOCAL ADAPTATION OF CERTIFICATION BODY GENERIC FOREST STEWARDSHIP STANDARDS</p> <p>3 Stakeholder consultation</p> <p>3.1 The certification body shall seek broad stakeholder comment on the adaptation of its generic standard to the area in which it is planned to be used. Stakeholder consultation shall include at least the following:</p> <p>3.1.1 The certification body shall translate its generic standard, including the FSC Principles and Criteria as well as the certification body's generic indicators and means of verification (if applicable) into an official language of the country in which the forest management unit to be evaluated is located, or into a language that is more commonly spoken in the environs of the forest management unit to be evaluated, and shall make the translated generic standard publicly available on the certification body's website at least one month before a full evaluation.</p> <p>NOTE 2: The certification body may carry out an initial adaptation of its generic standard prior to translation, or may use a previous, locally adapted generic standard as the starting point for consultation.</p> <p><i>Generic standards were translated into spanish as has previously been evidence by the FSC.</i></p> <p><i>Chile Interim Standards versión Oct. 2006 were posted in SmartWood's website in early november 2006. http://www.rainforest-alliance.org/programs/forestry/smartwood/certification/interim_standards.cfm</i></p> <p><i>This was done approximately 6 months before the next Full Assessment was done in Chile (CAF El Alamo).</i></p> <p>3.1.2 The certification body shall use consultation methods which are appropriate to the</p>
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	<p>consulted stakeholder group(s).</p> <p><i>Given the type of stakeholders, email was considered to be the best way for consultation. See Evidence 3 – example of email sent to stakeholders announcing CAF El Alamo`s assessment. Standards were also posted on our web-site, see above.</i></p> <p>3.1.3 The certification body shall contact at least the following stakeholders in the country concerned, at least one month prior to the evaluation of the forest management unit taking place:</p> <ul style="list-style-type: none"> a) Any FSC National Initiative in the country; b) Any national committee or working group that is developing national forestry standards (whether or not this is within an FSC-accredited process); c) The state forest service; d) National NGOs that are involved or have an interest in respect of social or environmental aspects of forest management, either at the national level, or at the sub-national level in the environs of the forest to be evaluated; e) Representatives of Indigenous Peoples that are involved or have an interest in forest management either at the national level, or at the sub-national level in the environs of the forest to be evaluated; f) Representatives of forest workers g) Representatives of forest harvesting industry / forest owners associations. <p><i>See Evidence 4 and Evidence 5 – list of people contacted in Chile for announcement of FSC full assessments. (includes sending of public announcement with request for comments on Interim Standards).</i></p> <p>3.1.4 The certification body shall inform contacted stakeholders, in one of the official languages of the district in which the forest management unit is located:</p> <ul style="list-style-type: none"> a) that the certification body is planning to carry out an evaluation of the identified forest management unit, b) that a draft of the standard (i.e. the certification body`s generic standard, or draft locally adapted standard) to be used for the evaluation is available on the certification body`s website or on request, c) that the standard may be modified to take account of stakeholder comments,
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	<p>and that comments and suggested modifications to the standard are welcome, d) that in addition to sending comments to the certification body comments and suggestions may be sent to the FSC national Initiative (in countries in which there is such an initiative). e) how to submit comments, f) that further information about forest certification is available from the certification body on request.</p> <p><i>See Evidence 6 – Public Stakeholder announcement for CAF El Alamo where all of the above is taken into account.</i></p> <p>3.1.5 The certification body shall identify and contact any FSC-accredited National Initiative that is working on the development of a forest stewardship standard, and shall review and take into account any publicly available draft or version of the standard(s) under development.</p> <p><i>See Evidence 7 – email sent to consultant of all relevant standards (draft and interim) to be taken into account for the development of a draft interim Standard. This list includes ICEFI's draft standards available at that time.</i></p> <p>3.1.6 In the absence of an FSC-accredited National Initiative the certification body shall contact the FSC Regional Office covering the country in question, and shall review and take into account any publicly available draft or version of a forest stewardship standard that is under development in a country within the region concerned and which the FSC Regional Office considers is relevant and submits to the certification body for consideration.</p> <p>NA</p> <p>4.5 The certification body is not required to seek or develop a consensus with regard to its modification of its generic standard. The certification body shall make meaningful accommodation of stakeholder concerns. The certification body should be guided in this by: a) its knowledge of the indicators and means of verification that have</p>
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	<p>been included in other, FSC-accredited, regional, national or sub-national standards, with regard to the issues raised;</p> <p>b) advice provided in writing by the FSC National Initiative in the country concerned as to the likelihood that a proposed modification would have the support of the majority of the members of each chamber of an FSC working group active in that country;</p> <p>c) advice provided in writing by an FSC Regional Office covering the country concerned, as to the likelihood that a proposed modification would have the support for the majority of FSC members of each chamber in the region.</p> <p>d) Guidance provided in <i>FSC-GUI-60-100 Guidance on interpretation of the FSC Principles and Criteria taking account of the scale and intensity of forest management</i>.</p> <p>e) Consideration of any FSC-approved guidance documents on the implementation of the FSC Principles and Criteria and other applicable FSC international policies and standards, and of any FSC approved 'recommended' or 'best practice' generic Indicators.</p> <p><i>This was done to the extent possible using all available documentation. No comments, advice was received that could have been taken into account.</i></p> <p>4.8 The certification body shall prepare a short report listing the principle issues related to the standard where stakeholders have sustained disagreement with the adapted generic standard or where significant differences of opinion about appropriate indicators were expressed by stakeholders, and explaining the basis on which the certification body made its decision in relation to these indicators. The report shall be attached as an annex to the published standard.</p> <p><i>NA. NO comments have been received so far regarding SW Interim Standards for Chile.</i></p> <p>5 Records</p> <p>5.1 The certification body shall keep the following records:</p> <p>a) lists of individuals/organisations invited to comment on the generic standard;</p> <p>b) copies of all correspondence and/or comments received with</p>
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	<p>respect to potential modifications of the generic standard; c) copies of all national standards, draft standards or other sources of information taken into account in order to modify the generic standard;</p> <p><i>AS can be seen through the previous responses, all this information is kept in the SARO files.</i></p>
ASI evaluation during field audit in May 2007	<p>SW sent copy of an e-mail which indicates that SW local adaptation process for its generic standard was initiated on October 20, 2006, one month prior to the company's monitoring audit. The evidence provided indicates a rather passive consultation process. SW evidence makes reference to the main assessment of another company which took place few months after the monitoring audit where SW new interim standard was used for the first time in November 2006. ASI has requested formal advice to FSC PSU to check whether a stakeholder consultation process as described by SW was adequate process for the local adaptation of SW generic standard for a monitoring audit.</p>
Status of CAR	OPEN, waiting for formal interpretation from FSC PSU.

Nonconformity	SW did not follow FSC certification procedures to follow-up on previous major and minor CARs raised against Forestal Anchile (SW-FM/COC-222).
Grading	() Major (X) Minor
CAR.SW.FM.2005.15	SW shall ensure and demonstrate compliance with FSC-STD-20-002, section 8
Reference	FSC-STD-20-002, section 8
Timeline	31 December 2006.
SW response	Due to the similarity of this CAR with CAR.SW.FM.2005.04 and CAR.SW.OFF.2005.03 related to FSC-STD-20-002 SECTION 8< our response to the FSC office audit (October 24, 2006) references the actions taken to address these other CARs as evidence for followup on the Forestal Anchile CAR.SW.FM.2005.15 (e.g. SW guidance doc on procedures for closing CARs . Q-10 distributed to SW staff in Sept and october 2006)
ASI evaluation	The documented evidence provided by SW was reviewed during the office audit. Follow-up will be performed during ASI field surveillance audits.
Status of CAR	CLOSED

Nonconformity	SW did not report on the conversion of 41 ha of native forest by Forestal Anchile (SW-FM/COC-222) after 1994.
Grading	(X) Major () Minor
CAR.SW.FM.2005.16	SW shall ensure and demonstrate compliance of Forestal

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	Anchile (SW-FM/COC-222) with FSC P&C Criteria 6.10 and 10.9 and FSC-POL-20-003, section 2b
Reference	FSC P&C Criteria 6.10 and 10.9 FSC POL-20-003, section 2b
Timeline	31 December 2006.
SW response	<p>As noted previously, SW had excluded the 25ha from the certificate scope at the original assessment and had not included this information in the assessment report. The FSC excision policy which was formulated 2 years after this date, is used to determine that SW's decision to exclude the 25 ha is not consistent with FSC policy. We cannot change this past interpretation and SW feels that it is not justified to terminate this certificate because of the decision that predates FSC policy. SW can update Ftal Achile's public summary with this audit explaining the certification decision in 2002, but we will wait for your comments from the audit before taking this action.</p> <p>Our auditor will be instructed to review the history of the exclusion of this parcel with you and the client during the upcoming audit and request your guidance on how to treat this situation. Given that this certificate expires this year we need to understand how to treat this situation in the reassessment.</p>
ASI evaluation	<p>SW states that the 25ha had been excluded from the scope of the certificate. However, there is no procedure available in the company's COC procedures to ensure that timber from these 25 ha will be excluded from FSC production.</p> <p>SW refers to the FSC excision policy approved 2 years ago. However, conversion of HCV natural forest is prohibited under the FSC P&C, criteria 6.10 and 10.9. The excision policy was only developed to provide additional guidance on the implementation of these FSC criteria.</p> <p>SW initial interpretation was not in line with FSC P&C which clearly prohibits conversion of HCVF. The company itself has identified all remaining surrounding natural forest as HCVF and there is no evidence that the converted 25 ha were not also HCVF.</p> <p>SW should take appropriate measures to demonstrate compliance with FSC accreditation and certification requirements as indicated in the in the corrective action request which makes reference to both the FSC excision policy but also very clearly to the FSC P&C which were approved in 1993.</p>
Status of CAR	OPEN
SW evidence provided in May 2007	<p>As is mentioned by ASI on its audit report, we sent an improved version of the company's COC procedures to ensure that the NON FSC wood would not be mixed with FSC wood. Section copied below is from FSC ASI report:</p> <p>On the 03 November 2006, SW sent to ASI a copy of SW checklist for criterion 8.3 and the following documents from Forestal Anchile:</p> <ul style="list-style-type: none"> - Definición puertas de bosques.

	<ul style="list-style-type: none"> - Factura 5926. - Forestal Anchile flujo COC. - Guías de despacho No 174390 y 2010801. - Movimiento madera Forestal Anchile 2005. - Procedimientos para rodales y predios no certificados. CAR.SW.FM.2005.18 <p>This clearly shows that there is compliance on the part of the company with the COC issue, since this CAR was considered CLOSED by ASI.</p> <p>See Evidence 8 – email from company explaining type of vegetation existent before the conversion in the 25 has. This can be seen with them on maps or satellite images during audit. Although the HCVF did not exist at the time of the conversion the company had a good idea of what a non-degraded natural forest was versus a highly degraded one (which is what was converted).</p>
<p>ASI evaluation during field audit in May 2007</p>	<p>During the field audit it was confirmed by the company that 41 ha of native forest had been converted to plantation in 1998 and 1999. The Remaining area of native forest surrounding the converted area has subsequently been identified by the company as high conservation value forest based on the following definition:</p> <p>“Bosque nativo siempreverde que es remanente del bosque originario, ... Esta constituido principalmente por las especies de coihue, ulmo, avellano y tineo”.</p> <p>The environmental value is described as follow by the company:</p> <p>“Extensión de bosque nativo siempreverde con baja intervención antrópica”.</p> <p>On a map provided by the company, it is indicated that conversion took place between areas identified as HCVF, and that the HCVF surrounds converted areas. The converted area is also identical to part of the HCVF in terms of altitude and slope (see map of FMU los Riscos).</p> <p>The company confirmed during the ASI audit that the area converted to plantation had the same type of forest ecosystem as the area identified as high conservation value forest. The company also stated that the converted area was a secondary forest where human impact was evident.</p> <p>The company provided the SW and ASI audit teams with an aerial photography of the converted area taken in 1996, prior to the conversion. This aerial photography shows three small areas of clear cut and some human intervention, but it also shows that the converted area represented one block of forest with very similar characteristics to the adjacent area which has been identified as high conservation value forest. Human intervention could be identified in some areas, but most of the converted area appears on the 1996 photograph with a closed forest canopy, similar to some protected areas identified as HCVF.</p> <p>At the time of the new ASI audit in May 2007, SW had not taken any measure to resolve this issue with the certified company in order to</p>

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	demonstrate compliance with FSC certification requirements regarding the conversion of high conservation value forests.
Status of CAR	Upgraded to a major CAR with a timeline for compliance of 3 months from finalization of this report.

Nonconformity	During the FSC surveillance audit, the FSC audit team witnessed a significant number of non-compliances with criterion 4.2 which were not adequately addressed by SW.
Grading	() Major (X) Minor
CAR.SW.FM.2005.17	SW shall ensure and demonstrate compliance of Forestal Anchile (SW-FM/COC-222) with FSC P&C Criteria 4.2
Reference	FSC P&C Criteria 4.2 ILO Safety and Health in Forestry Work
Timeline	31 December 2006.
SW response	SW raised 4 corrective action requests following SW 2005 surveillance audit. These 4 corrective action requests were closed following SW 2006 surveillance audit.
ASI evaluation	No response was received
Status of CAR	CLOSED. Follow-up will be done during ASI complementary surveillance audit in May 2007.
SW evidence provided in May 2007	None
ASI evaluation during field audit in May 2007	During the audit, SW auditor interviewed the worker and supervisor of a subcontractor and asked around H&S issues. A full evaluation of H&S issues was not performed as this was not the focus of SW audit and SW considered that the certified company had demonstrated compliance with H&S issues with the closing of SW previous CARs. The supervisor of the contractor stated that he was equipped with appropriate H&S equipment and that they had access to radio in case of emergency. The ASI auditor could not identify non-conformities during this ASI surveillance audit.
Status of CAR	CLOSED

Nonconformity	At the time of the FSC surveillance audit, SW audit team did not adequately evaluate compliance of Forestal Anchile (SW-FM/COC-222) with FSC chain of custody requirements.
Grading	(X) Major () Minor
CAR.SW.FM.2005.18	SW shall ensure and demonstrate compliance of Forestal Anchile (SW-FM/COC-222) with FSC P&C Criteria 8.3
Reference	FSC P&C Criteria 8.3
Timeline	3 months from finalization of report
SW response	On the 03 November 2006, SW sent to ASI a copy of SW checklist for criterion 8.3 and the following documents from Forestal Anchile: <ul style="list-style-type: none"> - Definición puertas de bosques. - Factura 5926. - Forestal Anchile flujo COC.

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	<ul style="list-style-type: none"> - Guías de despacho No 174390 y 2010801. - Movimiento madera Forestal Anchile 2005. - Procedimientos para rodales y predios no certificados.
ASI analysis	ASI revised the documents presented.
Status of condition	Closed 16 November 2006

Nonconformity	At the time of the FSC surveillance audit, SW had not taken appropriate measures to evaluate and ensure compliance of Forestal Anchile (SW-FM/COC-222) with FSC Principle 9 certification requirements.
Grading	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
CAR.SW.FM. 2005.19	SW shall demonstrate compliance of Forestal Anchile (SW-FM/COC-222) with FSC P&C Principle 9
Reference	FSC P&C Principle 9
Timeline	3 months from finalization of report
SW response	<p>En respuesta a la CAR.SW.FM.2005.19 del FSC, Smartwood ha preparado el siguiente documento que resume las conclusiones actuales de SW en relación a la conformidad de Forestal Anchile con el P 9. Es importante tomar nota de que el actual nivel de conformidad de Forestal Anchile fue un resultado directo de la identificación de no conformidades por parte de SW y la emisión de solicitudes de acciones correctivas durante la evaluación y subsecuentes auditorias. Ej:</p> <p>Condición # 27 – 9.1: La empresa deberá realizar una evaluación interna y consultas con organizaciones científicas y de conservación para definir la existencia o no de atributos de alto valor para la conservación en los bosques de la misma. (Criterio 9.1). Establecida en el 2002 con plazo de 2 años.</p> <p>Condición # 29 – 9.1 Si se llega a identificar la presencia de atributos de alto valor para la conservación, la empresa deberá desarrollar una estrategia de conservación tendiente a mantener o restaurar dichos valores. La estrategia de conservación deberá formar parte del plan de manejo y planes operativos y deberá contar con un programa de monitoreo anual. (Criterio 9.1). Establecida en el 2002 con plazo de 2 años</p> <p>CAR 2/04: Definir los bosques de alto valor de conservación, representarlos en la cartografía y definir un plan de acción para su conservación, teniendo en consideración especial el predio Los Riscos, pero además se recomienda incluir Punilahue, los Alerces y San Germán, todos ellos localizados en áreas de importancia ecológica para los bosques valdivianos de la costa. Realizar los estudios hídricos comprometidos dentro de los estudios básicos, en especial en quebradas con vegetación nativa en áreas de cosecha. Plazo: Auditoría 2005</p> <p>CAR 5/05: La empresa deberá elaborar planes de manejo especiales para los BAVCs identificados, incluyendo una descripción de los mismos, actividades de conservación, investigación y/o protección,</p>

	<p>los atributos de alto valor de conservación encontrados y un sistema de monitoreo de estos atributos. Plazo: Auditoría 2006</p>
<p>ASI analysis</p>	<p>ASI report following the field surveillance audit in 2005:</p> <p><i>“SW initial evaluation assessment report states that the company has not consulted with stakeholders to identify HCVF and on the measures to implement for their conservation and protection. Following this main assessment SW raised 2 conditions requesting the company to realize an internal consultation process, and with scientific organizations, to identify HCVF and to develop a conservation strategy. In the 2003 annual monitoring audit, SW evaluated compliance with one of the conditions and decided to close it based on a proposition and on a convention with the University Los Lagos to perform a study on the existence of HCVF. The second condition was evaluated by SW audit team in the 2004 annual monitoring audit. SW concluded that this condition had not been addressed and proposed to raise to new corrective action requests. These 2 CARs were evaluated by SW audit team in the 2005 annual monitoring audit and SW decided to close both CARs based on a new conservation policy by the company, a work plan, definition of HCVF, a study and signed conventions.</i></p> <p><i>However, at the time of the FSC surveillance audit, the company had not identified all HCVF on its FMUs. As stated above, in the FMU of the company situated in the Isla del Rey, staff of the company and the FSC local auditor identified Alerce trees which had not been identified and mapped by the company. In the FMU San Juan, the FSC audit team visited a water collecting dam used to supply around 80 indigenous families. This water collecting dam was not identified on the company’s maps as HCV and the surrounding watershed area had not been identified by the company as HCVF (FSC definition of HCVF, sections c and d). The company has also a large number of disseminated FMUs and the FSC audit team did not see evidence during the audit that HCVF had been clearly evaluated, identified and mapped by the certified company for each one of its FMUs</i></p> <p><i>From the company’s internal minutes of a meeting on FSC which took place on the 13th of September 2005, it is clearly indicated that HCVF have not been defined and that conservation plan have not been implemented for the FMUs San Germán, Los Alerces, Punilahue, Bellavista.</i></p> <p><i>The FSC audit team reviewed the report from the University Los Lagos dated November 2005: “Informe de Avance – Valor de conservación del Bosque Nativo de los predios de Forestal Anchile en la Comuna de Purranque, decimal Región”. This study includes the FMUs Los Riscos, Sajonia and Puquitrhue and is limited to aquatic macroinvertebrates and concludes that a new more general study is required.</i></p>

	<p><i>The FSC audit team did not see any evidence of public stakeholder consultation process as requested by the interim standard used by SW for Chile (indicators under criteria 9.1 and 9.2), and the measures implemented to manage and monitor HCVF as indicated in the indicators for criteria 9.3 and 9.4.</i></p> <p><i>The FSC audit team did not see any evidence of a conservation strategy and monitoring plan for HCVF as required under SW condition 29.</i></p> <p><i>Following the SW 2005 annual monitoring audit, 3 years after an FSC certificate was awarded, SW raised a minor condition with a one year deadline against the certified company requesting Forestal Anchile to develop special management plans for the HCVF identified. This requirement was already included in SW condition No 29 issued in 2002.</i></p> <p><i>The FSC audit team considers that the measures taken to address the repeated lack of compliance with FSC P9 requirements are not appropriate”.</i></p> <p>Evaluation of ASI of the information provided by SW regarding the presence of Alerce in some of the FMUs of the certified company. It is to be noted that ASI report does not state that there is a presence of Alerce on the FMU Los Riscos:</p> <p><i>“Fueron los mismos guardabosques de la empresa los que confirmaron la presencia de alerce dentro del predio que visitamos en la Isla del Rey (no recuerdo el nombre del predio). La literatura y observaciones hechas por otros colegas confirman la presencia de alerce.</i></p> <p><i>En los predios que se ubican en la costa de la ciudad de la Unión (Punilahue y santa maria de punilahue) es probable que también haya alerce. Nosotros hemos monitoreado cortas ilegales de alerce en predios que colindan con los de esta forestal en el área de Punilahue. Incluso al lado del Monumento natural alerce costero.</i></p> <p><i>Sobreponer la cartografía de CONAF-CONAMA (catastro de bosque nativo) con la cartografía de los predios de la empresa no es suficiente para demostrar que no existe presencia de alerce u otros bosques relevantes. La cartografía de CONAF-CONAMA tiene una resolución espacial tremendamente limitada. Los propios autores del trabajo (Lata et al.) reconocen esas limitaciones. La unidad mínima capturada por esa cartografía es de 6,25 hectáreas. Es decir, rodales de menor tamaño no aparecen en la cartografía. Y el alerce justamente es una especie que comúnmente aparece en quebradas y en forma aislada, o en pequeños bosquetes.. (sobretudo a baja altitud, en las cimas de las montañas aparece ya en forma abundante) por tanto el hecho de que la cartografía CONAF-CONAMA no muestre alerzales no quiere decir que no estén”.</i></p> <p>The conclusión of the ASI audit. Team is that the documents presented</p>
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	by SW does not provide evidence of compliance with FSC Principle 9 requirements.
Status of condition	OPEN – SW is required to provide appropriate evidence of compliance before the 31 December 2006. Please note that the failure to successfully address MAJOR CARs within the given timeline may result in disciplinary measures, including suspension of accreditation.
SW response	<p>On the 06 December 2006, SW stated the following: “This summary of SW response is inaccurate and very inappropriate given that SW’s full response to the FSC. All that is included the first page of a response which also included a 5 page detailed assessment of Anchile’s compliance with each of the criteria and indicators of P9. Within this response SW included references to attached documents (15 different company procedures, maps, management plans). SW provides specific evidence regarding identified non-conformance, issued CARs and current status. FSC has a obligation to reviuew all presented evidence and provide a justification for their conclusions. Please indicate which of our evidence do not meet FSC requirements. If you need us to resend you this evidence, please let me know.”</p> <p>Furthermore, SW sent a Memo dated March 8, 2007, regarding an overview of SW’s evaluation of Forestal Anchile’s performance vis-à-vis Principle 9.</p> <p>In this document SW states that Forestal Anchile is still not in full 100% compliance with all aspects of Principle 9. It also states that SW has been proactive and consistent in a period when all FSC procedures changed significantly.</p> <p>SW also considers that Forestal Anchile’s progress in achieving compliance with P9 has been steady.</p> <p>SW considers that “our communication with ASI, FSC IC and the Chilean NI, even today, indicate a lack of clarity as to what constitutes non-conformance to P9.</p> <p>After raising corrective action requests to address nonconformities with Principle 9 in 2002, 2003, 2004 and 2005, SW raised a major CAR in 2006 with a 3 month time frame. SW will audit Forestal Anchile in mid May to evaluate this major CAR.</p> <p>To summarise, SW states the following: “In summary, SW acknowledges that Forestal Anchile continues to have compliance issues with P9, but during a 4 year period of FSC rules changes and continued ambiguity surrounding P9 interpretation, SW has progressively moved Forestal Anchile towards full P9 compliance”.</p>
ASI evaluation	Please refer to comments included in SW checklist.
Status of CAR in April 2007	OPEN. Follow-up will be done and compliance will be checked during ASI complementary audit in May 2007.
SW evidence provided in May 2007	Prior to the field audit, SW sent again a copy of its checklist and findings regarding Principle 9.
ASI evaluation during field audit in May 2007	Prior to the field audit, the ASI auditor reviewed SW checklist and responded to all the comments sent in details. During the audit, significant progress made by the company could be

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	<p>witnessed.</p> <p>After 4 years of certification the company could show that it had started to implement systematically FSC Principle 9 certification requirements. HCVF had been identified on six FMUs and appropriate management and monitoring plans had been developed.</p> <p>However, at the time of the audit work had not been completed for all the other FMUs which were still under evaluation for HCVF. The company had not established clear criterion for identifying HCV and the company had not implemented its monitoring program.</p> <p>At the end of the audit, SW auditor communicated to the company that SW major CAR could be closed.</p> <p>ASI auditor disagrees with SW that FSC certification requirements for Principle 9 have been changing over the last few years and that SW has progressively moved Forestal Anchile towards full P9 compliance. After more than 4 years of certification, the company has only recently started to demonstrate compliance with FSC Principle 9 and has still quite a lot of work to do to demonstrate full compliance.</p> <p>However, due to the fact that SW raised a major CAR in its last surveillance audit in 2006 and the progress made by the company over the last 3 months, the ASI auditor considers that the CAR can be closed. The company is going to undergo full re-assessment at the end of 2007, and ASI would like to recommend SW to perform a full evaluation of compliance with Principle 9 at the time of SW re-evaluation audit. By the time of SW re-evaluation audit, the company should have completed the work undertaken to establish clear HCV criteria, finalise the identification of HCVF in all its FMUs and started to implement its monitoring procedure for HCVF.</p>
Status of CAR	CLOSED

The FSC auditor proposes the following recommendations:

Observation	SW audit. team did not update the scope of the certificate of Forestal Anchile (SW-FM/COC-222) despite the fact that the area owned and managed by the company had changed
REC.SW.FM.2005.14	SW should update the scope of its certificate for Forestal Anchile (SW-FM/COC-222)
ASI evaluation during field audit in May 2007	During the ASI audit, the company provided the SW and ASI auditor with a document showing that 169.9 ha were not covered by the FSC certificate. SW should update its reports to indicate the exact scope of the FSC certificate and fully justify any exclusion from the scope of the certificate.
Observation	At the time of the FSC surveillance audit in 2005, Forestal Anchile (SW-FM/COC-222) had not identified all the indigenous communities established next to its FMUs. The company had a map from CONADI for only part of its FMUs.

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REC.SW.FM.2005.15	SW should ensure that the company has identified all the indigenous communities established next to its FMUs in line with SW conditions 15 and 16.
ASI evaluation during field audit in May 2007	No evidence that this had been done was provided to the ASI auditor during the ASI surveillance audit. SW should ensure that this is done as part of the company's evaluation for HCVF.
Observation	SW 2005 audit monitoring report does not accurately reflect the situation of the Union at Forestal Anchile (SW-FM/COC-222).
REC.SW.FM.2005.16	SW should ensure that its reports accurately reflect the situation of a certified company at the time of an audit and the results of the interviews performed during the audit.
ASI evaluation during field audit in May 2007	No information was provided to the ASI auditor to demonstrate that this recommendation was followed. SW auditor did not follow-up on the issue of the Union during SW surveillance audit.

5 Outstanding nonconformities and observations

Major CAR(s)	Minor CAR(s)	Observations
1	1	0

6 Conclusion and recommendation

During this ASI surveillance audit, SW audit team addressed ASI major corrective action requests. SW did not demonstrate compliance with one minor corrective action request, **CAR.SW.FM.2005.16** which has been upgraded as a major corrective action request. Another minor corrective action request has been left open, waiting for formal clarification from FSC PSU. SW should also consider ASI recommendation in the follow-up to certified companies.

Attachments

Annex 1: ASI feedback to SW comments on ASI report (if provided)

Annex 1: ASI response to BV comments on report

CB comments	ASI Response