

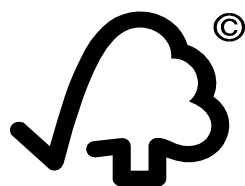
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FM-06 April 2007



SmartWood

Practical conservation through certified forestry

Forest Management
**2007 Annual audit and
Major CAR verification
audit**

Report for:

**Sdružení obecních a
soukromých vlastníků
lesa Svitavy**

in

Květná, Czech Republic

Certificate code: SW-FM/CoC-1413

Auditors: Ing. Juraj Tužinský

Audit Dates: 4 February, 2008

Report Finalized: 28th February 2008

Operation Contact: Ing. Milan Hron

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Czech Republic

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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Sdružení obecních a soukromých vlastníků lesa Svitavy, hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of SmartWood auditors who have evaluated company systems and performance against FSC forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

SmartWood audit reports include information which will become public information. Sections 1-3 will be posted on SmartWood's website according to FSC requirements. All appendices will remain confidential.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance / SmartWood and our services, these parties are strongly encouraged to contact SmartWood regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and SmartWood requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of CAR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>: Conformance with Major CAR(s) required
Additional comments:	
Issues identified as controversial or hard to evaluate.	

2.2. Changes in the forest management of the FME

Upon request of the group manager the status of the group is changing to SLIMF. FMO has developed and implemented three new working instructions concerning chemicals, group procedures and FSC trademark use.

2.3. Stakeholder issues

Stakeholders did not raise any issues.

2.4. Conformance with applicable corrective action requests

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the SmartWood certificate if Major CARs are not met. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying nonconformance.
Open	Certified operation has not met the CAR; underlying nonconformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

CAR 02/04	Reference to Standard 4.2.:
Nonconformance	[Description of nonconformance]
Major <input checked="" type="checkbox"/> Minor	Visited contractors had the most of H&S equipment including boots with boots with steel tops and crash bars on the tractor, the tractor operator had first aid kit, but the worker with chain saw it has in the car (about 400m from working place). The tractor operator had not helmet. The group manager visiting contractors on logging site was not clearly visible in the forest and had not the helmet.
Corrective Action Request: The Group shall ensure that own employees and contractors have appropriate H&S equipment mentioned under criterion 4.2.	
Timeline for conformance:	Within three months from finalization of this report
Evidence to close CAR:	All forest operation was carried out in accordance existing Health and Safety legislation in Czech republic. Group manager and contractors have used H&S equipment required by Czech legislation and SmartWood standards.
CAR Status:	CLOSED
Follow-up Actions (if app.):	

CAR 13/04	Reference to Standard 6.6.:
Nonconformance	[Description of non-conformance]
Major <input checked="" type="checkbox"/> Minor	There are no written guidelines or rules for safe using chemicals. The Group Manager demonstrated to auditor an electronic records of chemical used, there is no mentioned any using of chemicals banned by FSC.
Corrective Action Request: The Group shall develop and implement procedures that will ensure that chemicals are only according to the FSC rules including ensuring that staff are qualified for safe using of	

chemicals and proper records of chemicals used are maintained.	
Timeline for conformance:	Within three months from finalization of this report
Evidence to close CAR:	Group manager implemented new working instructions concerning safe use of chemicals and procedures ensuring that use of chemicals are only according to the FSC. Records of using chemicals are maintained. There was not FSC banned chemicals on the list, but group manager confess one use small amount of Fury (effective substance zeta-cypermethrin), which is on the list FSC highly hazardous pesticides. The group manager have presented to auditor statement, that this was not intentional and only accident use and presented confirmation of sound utilization of this chemical as well as statement that it will be never used again. Considering very small size of operation in auditor's opinion undertaken actions should be enough to close the condition.
CAR Status:	CLOSED, OBS 02/07 has been issued
Follow-up Actions (if app.):	

CAR 14/04	Reference to Standard 6.6:
Nonconformance	[Description of non-conformance]
Major <input checked="" type="checkbox"/> Minor	All chemicals are stored in the Group Manager house, the storing place fails to satisfy condition for chemical storing.
Corrective Action Request: The Group Manager shall ensure that chemicals are stored according to standard requirements.	
Timeline for conformance:	Within three months from finalization of this report
Evidence to close CAR:	All chemicals were stored according legislation in Czech republic and procedures and recommendation of producers these chemicals.
CAR Status:	CLOSED
Follow-up Actions (if app.):	

CAR 21/04	Reference to Standard 8.3.:
Nonconformance	[Description of non-conformance]
Major <input checked="" type="checkbox"/> Minor	The Group Manager developed and implemented the working instruction No 05-05, that specify in detail on-product logo using including relevant documents as well as off-product logo using and the way of marking certified wood. The instruction contains except others the statement that ensure illegally logged wood confiscated by the member will be not sold as certified. The auditor observed an invoice of wood, sold as certified, that does not contain a declaration of FSC certification.
Corrective Action Request: The Group shall ensure that information about FSC certification will be included on all documents regarding certified products.	
Timeline for conformance:	Prior to next sales of certified product but within three months.

Evidence to close CAR:	The group has implemented the system where certified and non certified wood is separated in the transport documentation Certified wood is marked by other color on the log ends before is transported from the forest. Invoices are clearly connected to transport documentations. Group do not sell any product as FSC certified, so they have not used FSC logo on invoices and transport documentation.
CAR Status:	CLOSED
Follow-up Actions (if app.):	

CAR 1/06	Reference to Standard: 6.7.:
Nonconformance	[Description of non-conformance]
Major	Minor <input checked="" type="checkbox"/>
Chain saw operator does not use any oil absorbent kit.	
Corrective Action Request: The Group shall ensure that all operators with chain saw are equipped by oil absorbent kits or spill proof tanks and that contractors use them.	
Timeline for conformance:	1 year.
Evidence to close CAR:	Contractors have used, biodegradable oils in theirs chain saws. They had not any oil absorbent kit, which is only recommended in Czech FSC standard that were used for this audit.
CAR Status:	CLOSED, OBS 01/07 has been issued
Follow-up Actions (if app.):	

CAR 2/06	Reference to Standard: COC 9
Nonconformance	[Description of non-conformance]
Major	Minor <input checked="" type="checkbox"/>
The Group Manager does not have a system which ensures that all use of the FSC/SW trademarks, as well as public information related to certification is submitted to SmartWood for review and approval.	
Corrective Action Request: The Group shall establish a system that all use of the FSC/SW trademarks, as well as public information related to certification is submitted to SmartWood for review and approval.	
Timeline for conformance:	Prior to use of the SmartWood and FSC trademarks and not later than next annual audit.
Evidence to close CAR:	The group manager have developed and implemented new working instructions 08-2, which requires submitting to SmartWood all use of the FSC/SW trademarks, as well as public information related to certification for review and approval.
CAR Status:	CLOSED
Follow-up Actions (if app.):	

CAR 3/06	Reference to Standard: GC 6
Nonconformance	[Description of non-conformance]
Major	Minor <input checked="" type="checkbox"/>
There is no "consent form" or its equivalent signed by each member.	

Corrective Action Request: The Group shall develop and each member shall sign a “consent” or its equivalent.	
Timeline for conformance:	Prior to next annual audit
Evidence to close CAR:	The group have a 'consent form' signed by each group members.
CAR Status:	CLOSED
Follow-up Actions (if app.):	

CAR 4/06		Reference to Standard: GC 8
Nonconformance		[Description of non-conformance]
Major	Minor <input checked="" type="checkbox"/>	The group manager monitors meeting the FSC P&C and group membership requirements personally. There is no written policy regarding this issue.
Corrective Action Request: The Group Manager shall develop and implement a written policy for monitoring of the properties in the certified pool to ensure that they are meeting the FSC P&C and group membership requirements.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		The group manager have developed and implemented new working instructions 08-1, which solves monitoring of the properties in the certified pool to ensure that they are meeting the FSC P&C and group membership requirements.
CAR Status:		CLOSED
Follow-up Actions (if app.):		

2.5. New corrective actions issued as a result of this audit

CAR 01/08		Reference to Standard: 1.6.3.
Non-conformance		[Description of non-conformance]
Major	Minor <input checked="" type="checkbox"/>	Requirements of the Czech FSC standard are not included in contracts with contractors. Group manager said that he require and control all FSC requirements from contractors, but he has not it in written form.
Corrective Action Request: Group manager shall ensure that requirements of the Czech FSC standard are included in contracts with contractors.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

2.6. Audit observations

Observations are very minor problems or the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/08	Reference Standard & Requirement: 5.3.4.
[Description of findings leading to observation]: Contractors(tractor operator and chain saw worker) have not oil absorbent kid.	
Observation: It is recommended to use oil absorbent kits. This could avoid negative environmental impact in case of accidental oil leakage.	

OBS 02/07	Reference Standard & Requirement: 6.6.II.
[Description of findings leading to observation]: There was not FSC banned chemicals on the list of the chemicals, but group manager confess one accident use of small amount of Fury (effective substance zeta-cypermethrin), which is on the list FSC highly hazardous pesticides. The group manager have presented to auditor statement, that this was not intentional and only accident and presented confirmation of sound utilization of this chemical as well as statement that it will be never used again.	
Observation: It is recommended to implement procedure of careful checking of chemicals that will be used in the forest with current list of FSC banned chemicals.	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Ing. Juraj Tužinský, Slovak citizen, graduate in forest management -Technical Univerzity in Zvolen, The Faculty of Forestry. He has practical experiences from forest management in Slovak State forest (Technician responsible for silviculture) and Community of forest owners - Nemecká Huta (Director and professional forest manager). He has worked for FSC Slovakia Working Group as Project manager since 2006. He has an interest in close to nature forestry. He has provided consultancy service of FSC certification for forest management companies in Slovakia. He has participated in two forest management annual audits and has been as a observer in several forest management and chain of custody certification assessments and audits. Ing. Juraj Tužinský has been through SmartWood's lead assessor training course.

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
4th February 2008	Brněnec	Meeting with group manager, the meeting included presentation of audit methods.
	Brněnec	Group manager gave a presentation of the area; sites with, tending stand, finished harvest and outgoing harvesting sites were visited and contractors were interviewed.
	Bělá nad Svitavou	Group manager gave a presentation of the area; sites with naturally regenerated and planted stands were visited.
	Březová nad Svitavou	Group manager gave a presentation of the area; sites with finished clear cut were visited. Proposed natura 2000 site was visited, Watershed area, high conservation value forest.
	Kamenná Horka	Group manager gave a presentation of the area; sites with naturally regenerated young stands.
	Karle	Group manager gave a presentation of the area; sites with naturally regenerated and planted stands were visited.
	Květná	Interview with group manager, review of documents for verification of compliance with CARs and chemical storage control. Closing meeting.

Total number of person days used for the audit:1
 = number of auditors participating 1 times total number of days spent for the audit 1

3.3. Sampling methodology:

FMU or Site audited	Rationale for selection	Group FMU belongs to and number of FMUs in the group
Brněnec	Finished clear cut and outgoing harvesting. Harvesting group was working in this location.	One of the group members.
Bělá nad Svitavou	Natural regeneration (shelterwood silvicultural system), planted ecostability trees, wood left to decay. Transport reason.	One of the group members.
Březová nad Svitavou	This member was not visited during last assessment. Finished clear cut, Proposed Natura 2000 area and watershed area.	One of the group members.
Kamenná	Natural regeneration (shelterwood	One of the group members

Horka	silvicultural system) and planted ecostability trees, wood left to decay.	
Karle	This member was not visited during main assessment. Natural regeneration and planted ecostability trees (shelterwood silvicultural system), wood left to decay.	One of the group members
Květná	The office, where documents related to certification was presented to auditor and where chemical storage is located.	Central office of the group.

3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
FSC Czech Republic WG	1	1

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	Czech FSC Standard, accredited on 30th August 2006 by Accreditation Services International GmbH in Bonn.
Revisions to the standard since the last audit:	<input type="checkbox"/> No changes to standard. <input checked="" type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	For the conduction of 2006 annual audit was used: SmartWood Interim Standards for the Czech Republic SW-STD-CZ-2006-03. This standard is based on based on "Draft SmartWood Baltic Interim Standards Including Non-Timber Forest Products (NTFP) such as seeds, seedlings, Christmas trees and greenery February 2003".
Implications for FME:	Conformance to new requirements verified