

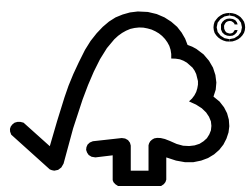
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FM-06 April 2007



SmartWood

Practical conservation through certified forestry

Forest Management
2007 Annual audit
Report for:

**Gemerské regionálne
zduženie vlastníkov
neštátnych lesov
(GRZVNL)**
in
Rožňava, Slovakia

Certificate code:	SW-FM/CoC-1346
Auditors:	Andrzej Czech, Juraj Tuzinsky
Audit Dates:	23. March 2008
Report Finalized:	13 December 2007
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1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Gemerské regionálne združenie vlastníkov neštátnych lesov, 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

No changes have been implemented

2.3. Stakeholder 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 <u>not met</u> the CAR; underlying nonconformance is still present. CAR becomes a Major CAR with a 3 month deadline for conformance

During previous audits all remaining CARs have been closed.

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

CAR 01/07		Reference to Standard: 6.2.1.
Non-conformance		On the central level of group members as well group manager information about protected species is not gathered, beside of birds of prey, which are protected by law.
Major	Minor X	
Corrective Action Request:		
Group manager shall ensure that there exists system for comprehensive gathering data about protected, rare and threatened species or ecosystems within the group and information about these species and ecosystems is transferred from field staff to districts.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/07		Reference to Standard: 8.2.3, 9.4.2.
Non-conformance		Monitoring plan does not fully cover necessity for monitoring of HCVF.
Major	Minor X	
Corrective Action Request: The group manager shall develop and implement a monitoring program for monitoring of HCVF. Such program shall include assessment of the effectiveness of the measures employed in these forests		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN

Follow-up Actions (if app.):	
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CAR 03/07	Reference to Standard: 9.1.2., 9.2.1.
Non-conformance	There is no comprehensive system for identifying and recording new HCVF areas. Auditing team noted lack of proper consultation with local stakeholders including environmental NGOs regarding identification HCVFs.
Major Minor X	
Corrective Action Request: Group manager shall prepare and implement written procedures for identifying and recording new HCVF areas. Procedures shall include consultations with local stakeholders and environmental NGOs.	
Timeline for conformance:	Prior to next annual audit
Evidence to close CAR:	Pending
CAR Status:	OPEN
Follow-up Actions (if app.):	

CAR 04/07	Reference to Standard: COC requirements CoC IV
Non-conformance	Invoices and waybills do not include "FSC-Pure" statement
Major Minor X	
Corrective Action Request: The group manager shall ensure that "FSC-Pure" statement is used on invoices and waybills with certified material.	
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 01/07	Reference Standard & Requirement: 7.3.4.
Some field staff is very well trained in identification and monitoring of protected species and ecosystems, whereas some employees are not fully aware of presence of such species.	
Observation: It is recommended to ensure consistent training of field staff on identification of protected species of animal and plants.	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Dr. Andrzej Czech - Nature, Ecology and People Consult (NEPCon).

Polish citizen, SmartWood expert and director of NEPCon, which is the certification partner of SmartWood in Poland. He has been involved in the development of the Polish FSC Working Group and the Polish FSC standards since 1998, gaining extensive knowledge in this field. For two years he was the FSC Contact Person and Chairman of the Interim FSC Working Group. Mr. Andrzej Czech has a PhD in Biology. He has an interest in close to nature forestry and ecotourism. As for certification experience, Dr. Czech has participated in several forest management and chain of custody certification assessments in Poland, Latvia and Lithuania. He has been coordinating SmartWood activities in Poland since June 2002. Dr. Czech has been through SmartWood's lead assessor training course. Leading auditor during certification of RDSF Poznań, RDSF Piła, RDSF Łódź, RDSF Radom, RDSF Krosno, RDSF Zielona Gora, several experimental forests in Poland and several State Forest Enterprises in Lithuania and Romania, as well as FMs in Czech Republic.

Ing. Juraj Tužinský, NEPCon technical expert

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 and has participated as observer in several forest management and chain of custody certification assessments and audits in Slovakia.

3.2. Audit schedule

Date	Location /Main sites	Principal Activities
13 December 2007	Head office of Mestské lesy Košice	Meeting with management of the headquarters of the GRZVNL and employees of ML Košice. The meeting included opening of audit, presentation of audit methods, review of documents and interviews of key staff for verification of compliance with standards. Review of update of working instructions of the group.
13 December 2007	Forest areas of Mestské lesy Košice	The auditors visited a chemical storage. Harvesting sites, sites with harvesting finished were visited.
13 December 2007	Head office of Mestské lesy Košice	Debriefing meeting with group manager of GRZVNL, where audit conclusions were presented.

Total number of person days used for the audit:2 = number of auditors participating 2 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
ML Košice Headquarters in Košice	The biggest owner of forests, one of three composing the group. The office, where documents related to certification of entire group and forest owner was presented to team.	Central office of ML Košice
Forest district Malá Lodina of ML Košice	Harvesting groups were working, nature reserves are located and chemical storage is located in this district.	One of local units included in ML Košice
Forest district Čermel' of ML Košice	Harvesting groups were working, nature reserves are located and chemical storage is located in this district.	One of local units included in ML Košice

3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
NGO	1	0
FSC WG	1	0

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	SmartWood Interim Standard for Slovakia, SW-STD-POL-2005-07
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	NA
Implications for FME:	Not applicable - no new requirements