



Validation Report PEFC Sweden

The Board of Experts declares that it has validated the PEFC Sweden certification system for all its FMU's and the related Chain of Custody, against the criteria as laid down in the Keurhout Protocol for the Validation of Certification Systems, version May 31, 2006:

This report may only be issued integrally

Documents studied:

1. **TD(1):** Revised Technical Document 2: 2005-10
2. **IC :** Implementation Criteria : PEFC / 05-1-1
3. **ANN2:** Annex 2 : the process to revise the Swedish Technical Document and standard.
4. **ANN3:** Annex 3: PEFC Council Minimum Requirements Checklist
5. **REI(1):** Policy paper "Family forestry and reindeer herding" , November 2000, Issued by forest owners and accepted by Swedish PEFC Board.
6. **ACCR:** Guidance in connection with accreditation of certification bodies. (2002-12-12).
7. **CoC:** Guidance PEFC Chain of Custody Procedure (2003-09-16).
8. **PAN Eur:** Annex 2: Pan-European operational level guidelines for sustainable forest management (from Form International assessment report).
9. **ASS.F:** Assessment report, Form International (www.pefc.org/internet/html/members_schemes)
10. **REI(2):** Policy for balancing the Forestry and reindeer herding interests in Swedish PEFC adopted by the board 26th March 2006.
11. **REPL(1):** Reply letter 2nd June 2006 from Ake Barklund (secretary PEFC-Sweden) to Keurhout letter date April 7th, 2006 with questions raised in the first version of this validation report.
12. **REPL(2)** Reply letter 15th September 2006 from Magnus Norrby (new secretary PEFC-Sweden) to Keurhout letter with additional questions date 27 July 2006.
13. **PUBL AUD:** Appendix C: Policy for publication of environmental audits, approved by Swedish PEFC board on 20 June 2006.

14. **SFA:** Swedish Forest Agency, task, organisation , national forest programmes, Swedish forest sector objectives and interim targets.
(www.svo.se/minskog/templates/).
15. **REPL(3):** Answers and clarifications to KH letter December,8,2006 (January,31, 2007)
16. **StDo:** Implementation of the agreed bridging document “Stock Dove” in the PEFC forest certification scheme in Sweden.
17. **FAct:** The Forestry Act. National Board of Forestry 1997.
18. **FPol:** Sweden’s New Forest Policy. National Board of Forestry 1997.
19. **NC:** Respect for Nature Conservation and Cultural Heritage Preservation in Forestry. National Board of Forestry 1995.
20. **BD:** Action Plan for biological diversity and sustainable forestry. National Board of Forestry 1996.

Added after mission 26-29 March,2007:

21. **TD(2):** Technical Document integrated with system criteria, approved by PEFC-Sweden June, 28, 2006. This document provides with an improved structure and criteria integrated with related issues. *Only available in Swedish.*
22. **TD(3):** Comparison of Technical Document I (2000-2005) and Technical Document II (2006-2011), Dec. 2006. *Only in Swedish.* It shows the progress made in Swedish forestry -and consequently within PEFC certified holdings - concerning various aspects of SFM and, for a great deal, in conformance with Keurhout requirements.
23. **TD(4):** Adjustments in PEFC forest standard (T.D.) concerning gale damage and subsequent bark beetle infestations (Febr. 2007). *Swedish only.* Priorities set for removal of blown over trees and postponement of regular clear cuts. Still a (maximum) amount of dead wood etc. to be saved in set aside areas (key biotopes).
24. **MAN FAct:** Manual for the implementation of forest law (SFA 2006). *Swedish only.* It provides with further regulations (and its complicated exceptions) concerning legislation. This handbook considerably adds to the information available in brochures on the forestry act, forest policy, nature conservation and cultural heritage preservation in forestry and on biological diversity and sustainable forestry (issued in 1997).
25. **SEGR.CoC:** Guidelines for segregation timber species in bookkeeping system (31-08-2007) *Swedish only.*

Audit reports:

26. SP (Sveriges Provnings- och Forskningsinstitut): Certifikat 313600 Södra Timber AB.
CoC PEFC; ISO 14001; PEFC (2006-06-30).
27. Intertek: Certifikat 1418403, 1700243 Södra Skogsägarna ek för. SS-EN ISO 14001; PEFC (2007.01.08-11).
28. SEMKRO-DEKRA: Certifikat 1700081 Skogscertifiering Mellansverige AB.
PEFC (2006-10-18).

GLOSSARY

BoE	Keurhout Board of Experts
BPJ	Best Professional Judgement
CBD	Convention on Biodiversity
CITES	Convention on International Trade in Endangered Species
CB	Certification Body
CoC	Chain of Custody
EIA	Environmental Impact Assessment
EMS	Environmental Management System
EN	European Norm
FMU	Forest Management Unit
FOA	Forest Owner Associations
GFMP	Green Forest Management Plan
GIS	Geographic Information Systems
ha	hectare
ILO	International Labour Organization
ISO	International Standards Organization
KH	Keurhout
KH-SYS	Keurhout Protocol for the Validation of Certification Systems
LU	Annex 5, PEFC Logo Use Rules, 27 October 2006
NC	Non-Conformity
NGO	Non-Governmental Organization
NTFP	Non-Timber Forest Products
NTTA	Netherlands Timber Trade Association
PEFC	Programme for the Endorsement of Certification Systems
PEFC-SE	PEFC Sweden
RWG	Regional Working Group
SDP	Stock Dove Process
SFA	Swedish Forestry Agency
SFM	Sustainable Forest Management
SD	System description for certification of sustainable forest management
TD	Technical Document
UNFF	United Nations Forum on Forests

1 Validation Process.

In April 2005 the Keurhout Board of Experts (BoE) received a request from KH-participants to validate PEFC Sweden at system level. By letter of 2nd June 2006 PEFC Sweden supported this initiative to validate the PEFC Sweden Certification System against the Principles and Criteria of the Keurhout Protocol for the Validation of Certification Systems (KH-SYS, May 31, 2006; see: www.keurhout.nl).

The KH-SYS protocol consist of five parts. Part I is the Validation procedure, the other four parts are normative documents regarding SFM (Part II), CoC (Part III), Certification Bodies (Part IV) and the organisation and stability of the Certification System itself (Part V). The requirements are structured in the form of criteria with indicators grouped under various Principles. All criteria of the standards contained in Parts II to V are being assessed. Indicators serve as practical parameters to assess compliance with the criteria. Compliance with all criteria leads to a positive decision on the validation of the system.

The Board of Experts assessed the PEFC-Sweden system on the basis of available documents¹ and an array of questions by the Board of Experts (BoE) and answers transmitted by e-mail by the Secretary of PEFC-Sweden, Mr M. Norrby. The BoE has very much appreciated the constructive cooperation from Mr Norrby.

In spite of all these efforts the BoE – in its meeting on February 14, 2007 - did not yet feel fully competent to give a final verdict on the acceptance of PEFC-Sweden by Keurhout. This had to do, amongst others, with difficulties concerning validation of complementary aspects between PEFC-Sweden and the relevant legislation as well as references for acceptance and corrective actions.

The BoE decided to launch a mission to Sweden composed of two of its members: Mr L. Oldenkamp (mission leader) and Mr. E.M. Lammerts van Bueren (mission member). The purpose of the mission was to fill gaps in information and to enhance its understanding of the practicalities of Swedish forestry and PEFC-Sweden. The mission contacted the PEFC-Sweden system manager, CB, SFA, FOA, a saw mill, forest owners and further relevant stakeholders. The mission made also field trips in Mid-Sweden. The mission findings and conclusions have been incorporated in this validation report.

2. Background Swedish Forestry

Forest history, forest act and forest sector.

Features of Swedish forests are determined by serious overexploitation in the middle of the 19th century and an enormous wind blow in 1954. These circumstances created temporary deforestation and vast clear cuts in the so-called boreal (predominantly man made) forest systems. Since 1903 serious efforts were made to improve the situation. The 1903 Forest Act concentrated on regeneration obligations after felling and governmental promotions were especially aiming at economical aspects of forest management.

The Act of 1903 contained strict and often quantitative prescriptions.

The Forest Act 1903 was replaced by the Forest Act 1993 based on the new forest policy which was inspired by UNCED, Rio 1992.

The new Act aims to give nature conservation the same importance as timber production. At the same time it is a more liberal legislation, providing guidance and pointing rather at direction of desired processes than setting strict thresholds. It leaves more responsibility to the sector.

For instance concerning *fellings*: various aspects regarding the ecosystem and nature conservation should be considered such as soil impact; respect rocky areas and swamps; eternal trees and bushes; buffer zones; red list species; cultural and social aspects etc.

¹ Studied documents had been submitted on 26-04-2005 for endorsement to the PEFC Council, and were received through the former secretary of PEFC-Sweden. The former and first Swedish standard expired however in July 2005. In April 2006 we received information concerning the formal approval of the new standard by the PEFC Council on February 28th 2006. Since September 2006 PEFC-Sweden provided us with additional information and documents.

Notification forms of anticipated final harvests are to be sent to Swedish Forestry Agency (SFA) by the holding, prior to clear cuts larger than 0,5 ha (fellings). Notification forms serve as a relevant information source, because the holding also provides data on the various aspects that should be taken into consideration. As to regeneration harvests (clear cuts) the Forest Act determines that at least 50 % of the area of holdings *larger than 50 ha* shall be older than 20 years, sometimes allowing for large clear cuts. This rule is also applied for smaller than 50 ha units if they belong to a holding with spread properties, but with a total area of more than 50 ha. Holdings with *more than 1000 ha* may receive special permits for clear cuts, but based on a 5-year planning and a certain rationale. Holdings with *more than 5000 ha* need to prepare a 10 year regeneration plan and (for a certain year) may not exceed 1.5 times the average annual cut. Additional corrections or adjustments are possible but with detailed prescriptions depending on site quality class, rotation period and holding size. As a consequence holdings with a large area of old growth, may have large clear cuts (of stands older than rotation age), sometimes reaching to almost 100 ha.

Another element in the Forest Act is conservation of *key habitats*, being part of productive forest land with at least 1 m³ annual growth, for which still selective harvesting is allowed. Twenty one key habitat types are being distinguished. SFA is especially focussing on so-called "*habitat protection areas*" (key habitats where forest owners are compensated for trees not to be felled) and "*conservation areas*" (key habitats where forest owners are contracted for a 50 year period of complete non intervention). KH was informed concerning a fresh verdict which allows SFA to restrict clear cutting and to forbid - without having to pay compensation - cutting trees up to 5% of the value of the anticipated felling in the notified key habitat.

Forest sector.

The total area of forest land in Sweden covers approximately 27 million ha.(including approximately 6 million ha non productive forest land).

Forest ownership is divided as follows:

- 51% private holdings,
- 25 % private companies
- 17 % state forests
- 7 % other public forests

Sweden has 250.000 private forest holdings of which 90.000 (with 50% of private forest land) are organised through a Forest Ownership Association (FOA). Private company estates are separately organised in FOA.

Presently 4 FOA's are operating in Sweden. They are joined in a Federation. FOA's are operating all over Sweden in 100 districts. Each district has between 500 and 1000 members and has a fully equipped staff with special sections for planning and certification.

Most members delegate 100% of their forest management duties to a FOA district.

FOA counts one member for one vote; without membership fee and no fee for PEFC certification either. Sources of income for FOA are: margins between wood purchase and sales; services; industry.

The Swedish Forestry Agency was (newly) established in 2005. Its primary tasks are national inventory, extension services and law enforcement. SFA is decentralised over 5 Regional offices and 43 district offices.

3. PEFC Sweden.

Certified forest area

PEFC-Sweden has its own organisational structure, with 4 regional managing directors and staff, with links to the FOA. Independent certifying bodies (CB) are accredited by the Swedish Accreditation Authority, Swedac.

Most private holdings are certified through umbrella organisations. An umbrella organisation is the certificate holder and is, through its management and procedures, responsible for compliance with the PEFC-Sweden requirements at the holding level. Various kinds of umbrella organisations exist: (a) private holdings grouped in a FOA district, (b) private holdings grouped around an industrial entity and (c) private holdings grouped around contract workers. PEFC Sweden poses clear and effective management requirements for the umbrella organisations.

The larger and active holdings are certified. As private estates strive for both FSC and PEFC the total area certified forest covers 14.5 mil. ha, which is 65% of productive forest land.

Certified Forest area (million ha)

	PEFC Sweden	FSC
Private holdings	4.1	0.4
Private companies	2.9	5.4
State forests and other public forests	0	4.6
Total	7.0	10.4

Swedish PEFC Standard

The Swedish PEFC Standard promotes sustainable forestry in which a suitable balance is struck between production, conservation and social interests. The principles, rules and guidelines contained in the Swedish Forest Act and other relevant legislation constitute the basis of the Standard. The Standard consists of three parts:

- Forestry standard (7 criteria)
- Social standard (10 criteria)
- Environmental standard (11 criteria)

Certified contractors

Contract workers have their own PEFC certificate, usually in umbrella organisations. They have been trained to professionally execute measures (thinnings, final fellings, planting, seeding etc.) without extensive involvement of forest owners or detailed

instructions. These certified contract workers play an important role for the execution of various activities as mentioned in the PEFC standard. Often they act on behalf of the certified holding. FOA as well as PEFC take care of continuous professional upgrading. Holdings operating under the umbrella of a certified entity are obliged to engage certified contractors for contract work.

Monitoring and non-compliances

During their last inspections SFA checked 60 final fellings out of 1,000 notifications. While visiting the holdings various aspects of forest management were checked as well. As a result often negotiations start to set up nature conservation agreements which enable compensation for a 50 year period of non intervention.

CB is exercising ISO based checks of management processes for companies. In a three year certificate period all processes are covered. For a limited part of the productive area additional silvicultural checks are done.

Private holdings are more or less selectively checked. Selection is based on results of internal audits, notification forms and discussions with staff. Through administrative checks at offices of umbrella organisations and offices of forest owners associations, silvicultural aspects and data concerning law enforcement are scrutinised. Hence a selection is made of holdings to be visited. Findings are discussed with forest owners and finally feed back occurs at the before mentioned offices. Improvements are discussed and promoted.

Non-compliances are hardly mentioned. The only type mentioned concerned holdings which used a non certified contractor (formal criterion), whereas factual shortcomings were hardly established. Usually organisational aspects are mentioned to be improved. Nevertheless compliance with PEFC standard often scored less than 100% . But the intention, both from SFA and CB, is always directed at promoting better understanding. In fact certification in Sweden is aimed more at stimulating than at control of SFM.

Regeneration fellings (clear cuts)

Both SFA as well as PEFC accept a wide range of clear cut areas, without a clear limit. In general under Swedish conditions much attention is rather focused on quality of regeneration than on size of clear cuts. Forest holdings are obliged to maintain their production capacity, although a certain decrease is acceptable for fulfillment of conservation targets. Larger holdings need to elaborate in more detail their allowable cut in a certain period (10 years usually).

On the average private holdings show clear cut areas between 4 and 5 ha. Big companies between 5 and 10 ha. Notification forms (announcement prior to felling activities) are only obligatory for clear cuts larger than 0,5 ha.

Forest owners, who recently acquired their property, are allowed to cut a substantial part of the total standing volume on the holding in order to have the necessary funds available. The holding should at least preserve more than 50% productive forest land older than 20 years. Larger holdings may cut substantial parts as well, while a high share with old growth forests usually leads to more cuts in stead of less.

Additional measures often compensate the effect of clear cuts :i.e. left over trees, single or group wise, to be hold during the next generation or seed trees spread over the area and to be cut after five years or more.

Added value of PEFC-Sweden to forest management

SFA prepared reports on compliance with various aspects of legislation. At country scale all aspects were only partly fulfilled, with considerable variation.

But there were no data available whether certified holdings performed better than non certified holdings. Neither SFA nor PEFC had made such a comparison. SFA mentioned that certified holdings are providing much more useful information on their *notification forms* than non certified holdings.

In addition under a regime of PEFC umbrella organisations SFM improvements are much better accepted.

Moreover the law provides hardly any solid protection measures for key habitats. SFA negotiates with a forest owner on the area to be protected. PEFC however requires to protect at least 5% of the area including key habitats. This figure still has additionally to be fulfilled even if prior to certification the holding already made such allocations or such allocations were dictated by the state. Minimum areas of 0.30 ha are allowed into this category.

PEFC promotes also other environmental features, like trees or tree groups to be left on clear cut areas and creation of snags and eternal trees.

Also a Green Forest Management Plan (GFMP) is required at least within 5 years from the date the certificate has been issued. A GMFP contains operational aspects related to harvesting (rotation forestry with clear cut areas) and to conservation and protection measures.

The preparation of GFMP's is mainly done by private consultants.

A stimulating financial advantage has been created for certified holdings, because of an additional price per m³ wood. This amounts to approximately 5 - 10 Swedish Kr. per m³. This increase however is not paid by the market but by the forest owners association FOA.

Conclusion: PEFC certified holdings tend to improve their SFM especially due to professional support from certified contract workers and from umbrella organisation's technical staff.

Peer reviews.

PEFC-Sweden leaves quite some room for interpretative efforts by CB assessors.

The main arguments are:

- Legislation criteria are an important part of the certification standard but yet legislation inspections and CB audits fail to sufficiently integrate their separate findings.
- PEFC system is focussing on process guiding and less on control thresholds.
- CB audits show limited insight in the holdings performance.

Under such circumstances certification systems in general profit from institutionalised peer reviews, which provide with additional best professional judgement (BPJ).

4. Results of validation.

The system has been assessed against the four normative documents of the Keurhout System validation process.

The summary of the findings of the Board of Experts is presented below. Under each Principle (P) the assessment of the related criteria is briefly summarized. This summary is captured in an overall validation per Principle with the following indication:

OK = Satisfactorily addressed

OK - = Minor deficiency

- = Major deficiency

Validation Part II a: Requirements regarding the forest management system.

P 1 OK	The organisation responsible for the management of the forest shall act according to the law.
<i>Three criteria regard legal entity, registration, the right to harvest and royalties and fees.</i>	
Swedish legislation is in place; moreover through notification forms and regular inspections this principle is covered.	
P 2 OK	The organisation responsible for the management of the forest shall have an adequate forest management system.
<i>Seven criteria regard a responsible management body, a clear forest management unit, commitment to long term objectives, complying with (international) legislation, management plan, and qualified personnel</i>	
<i>One criterion is mentioning : "The management body operates a forest management system, according to ISO 9001 or ISO 14001 or is based on a comparable systematic approach ". It includes as well sub-criteria for planning; monitoring operational aspects; the impact of operations and for feed back of the results into the planning.</i>	
Management bodies are not present in strict sense, but through joint efforts of FOA and PEFC umbrella organisations holdings work with practical operational plans fitting into the boreal forest management approach. The management system follows ISO principles. In case of key habitats GFMP's are prepared. Impacts of operations and monitoring data are used for on-going SFM process (improvements).	

Conclusion:

Based on the above observations, requirement Part II a is considered to be sufficiently met.

Validation Part II b: Requirements regarding the forest management performance.

P 1 OK	The regulatory functions of the forest shall be preserved.
<i>The four criteria concern maintenance of soil quality and erosion prevention, aspects concerning the water regime, buffer zones along creeks and watershed management.</i> These aspects are all taken care off.	
P 2 OK	The biodiversity of the various ecosystems shall be preserved.
<i>The requirements (three criteria) concern identification of the main ecosystems and tree species, monitoring of the actual effect of management, including harvesting.</i> The Swedish approach deals with a certain segregation of functions, partly wood harvesting and partly conservation aspects. Within this context biodiversity is preserved. PEFC requires 5% conservation area on productive forest land and conservation agreements for specific sites. Exotic species to be used in line with legislation and regulations. GFMP's promoted. Hunting and shooting receive attention, but no specific criteria for wildlife management available. Harvesting operations monitored, in line with forest law and regulations.	
P 3 OK	Adverse side effects, resulting from forest management, shall be prevented.
<i>One criterion requires social and environmental impact assessments.</i> EIA's are carried out in relevant cases.	
P 4 OK	The timber production capacity of the forest shall be preserved.
<i>Four criteria regard the maintenance of management data, preservation of (natural) regeneration capacity, implementation of appropriate harvesting systems and minimizing harvesting damage to the residual stand, seedlings and soil.</i> These aspects are taken care off, in line with forest law and regulations. No specific data per holding, but regional monitoring and inventories are providing with general growth and yield data which are interpreted for general use. Silvicultural approaches allow for clear cuttings and regeneration in line with sustainable growth principles.	
P 5 OK	The production capacity of non-timber forest products (NTFPs) shall be preserved.
<i>Three criteria refer to the maintenance of data on NTFP's, local processing of NTFP's and support to the development of the local economy.</i> In the Swedish context attention for reindeer herding, hunting and picking berries. General rights for such NTFP's are observed. NTFP's production capacity not an issue.	
P 6 OK	The participation of the local population shall be ensured.
<i>Three criteria about profit sharing, the rights and responsibility of stakeholders and consultation of stakeholders.</i> Consultation is well organised. Profit sharing not an issue. Dispute procedures available.	
P 7 OK	The social and economic well being of the local population and employees shall be ensured.
<i>The four criteria regard working conditions, training, health and safety and job opportunities for the local population.</i>	

In general terms OK, specific economic meaning of Swedish forests for local population. ILO arrangements followed.	
P 8 OK	Socio-cultural forest functions and utilisation by indigenous and other people living in and around the forest shall be respected.
<i>Four criteria.pertain to traditional land use rights, other than the rights of the land owner, traditional use of NTFP's, respect to Religious and Cultural areas and Aesthetic value .</i> PEFC has adopted a specific strategy with dispute settlement for reindeer herding and Sami peoples rights. Religious and cultural values preserved, aesthetic values in line with boreal landscape.	
P 9 OK	Negative social impacts caused by forest exploitation shall be reduced.
<i>One criterion which concerns compensation for damaged property.</i> Legislation covers this aspect.	

Conclusion:

Based on the above observations, requirement Part II b is considered to be sufficiently met.

Validation Part III: Requirements regarding the chain of custody

P 1 OK	The timber shall be traced and monitored from the moment of felling through all its possible stages of processing and transport up to the moment of being imported in the EU.
<i>Five criteria.</i> PEFC-SE has included the PEFC requirements as to CoC and the use of the PEFC logo. These requirements comply with the Keurhout criteria. The main issues are: parties in the CoC have a certified management system according to ISO norms. This implies the registration and documentation of production, processing, storage, transport and sales and the distinguishing between certified and non-certified timber products. In case of mixed products the certified products should at least be mixed with timber(products) from legal origin. Originally KH established a minor deficiency, i.e. wood species were not properly segregated in the bookkeeping system. Meanwhile PEFC-SE has adopted a protocol (Doc. 25, SEGR.CoC), which deals with this aspect. With respect to timber from controversial sources Appendix 7 to PEFC Annex 4 has been adopted, which requires self-declarations of suppliers in controversial areas and control by second parties. This principle is well covered for all timber sourced from Swedish sources. Nevertheless, in case wood is also imported from potential controversial countries, it is important to ensure the implementation of third party control of the second party control systems on provider's self-declarations. In this respect a Keurhout condition is established.	

Conclusion:

Based on the above observations, requirement Part III is considered to be met for timber originating from PEFC-SE certified forests. Nevertheless, it is considered appropriate to define the following KH-condition with respect to all those CoC companies, which process imported timber in addition to timber from PEFC-SE certified forests:

KH-condition :

CoC companies (companies with valid certificates for CoC), that receive/procure wood raw materials from foreign (non-KH admitted) sources shall fulfil the further conditions a) and b) in order to be admitted to the KH Sustainable system:

a) A company has to have a functioning protocol to verify the legal origin of the (non-) certified wood including the credibility of supplier's self declarations.

b) A company shall maintain (copies of) supplier's self declarations for auditing purposes.

Conditions a) and b) are being verified by CB's, which fulfil PEFC's requirements for certification bodies.

Admitted CoC companies shall comply with the following:

c) A full Legal origin timber verification of suppliers will be implemented by CB's not later than at the end of this admission to KH Sustainable (September 20th, 2011).

d) CoC companies admitted to the KH Sustainable system shall inform their KH-partners on the % of certified timber; it will be defined per load whether timber can be classified as KH-level 1(100 % KH-Sustainable), KH-level 2 (70 - 99 % KH-Sustainable and the rest legal origin timber) or no Keurhout at all (any other option).

Provided the KH-condition will be complied with, validation requirement Part III is also considered to be met, and the CoC is considered to be complied with, in case companies mix their products with wood from foreign sources.

Validation Part IV: Requirements regarding the certifying body

P 1 OK	The certification body shall be able to demonstrate that it is capable of assessing forest management and the management system and/or the Chain of Custody.
<i>Three criteria concern the expertise and independence of the CB. Four criteria refer to the assessment scheme. They address audit procedures including the identification of relevant legislation and existing (customary) rights and requirements for the audit report.</i> Accreditation and expertise are in line with KH requirements. The organisational and geographical structures of SFA differ very much from the FOA district organisation and regional PEFC managing units. FOA and SFA data bases are not connected. Also SFA inspection data are not directly exchanged with CB audit data. This might impede bridging actions between certification and legislation when it concerns inspections. <i>Certification audits and legislation inspections</i> are executed in separate operations by different authorities. As a matter of fact CB's are only indirectly checking compliance with legislation through the <i>notification forms</i>. Nevertheless formally CB's rely on the Swedish Forest Agency (SFA) for the necessary data to establish compliance with the PEFC standard. SFA data bases on inspection results are not yet sufficient accessible for consultation by PEFC or CB. Especially the electronic way is not possible.	

Conclusion:

Based on the above observations, requirement Part IV is considered to be met, although KH is recommending that bridging elements are institutionalised to promote access to SFA data bases.

Moreover institutionalised peer reviews are suggested in order to provide BPJ for the interpretation and integration of inspection results from CB and SFA.

Validation Part V: Requirements regarding the certification system

P 1 OK	The organisation management shall clearly act independently.
<i>One criterion requires that the CS shall be managed by an organisation that is properly structured and contactable.</i> Well structured organisation.	
P 2 OK	The system manager shall be responsible for the quality and monitoring of the Certification System.
<i>Nine criteria address: the establishment process of the system, the procedures to implement the system, procedures to monitor compliance with requirements imposed by the system, the access to certification reports, appeal procedures against decisions by the certification body, access to information on the certification system.</i> Well established procedures. However availability of reports is not always up to date. English versions of recent documents to be taken care of.	
P 3 OK	The development process of the generic standard, regional and national standards and the standard for the chain of custody shall be fair and transparent.
<i>The two criteria pertain to fair transparent standard setting and field testing.</i> Well functioning. Relevant stakeholders are involved prior to decision making.	
P 4 OK	The universal standard and the regional and national standards for Sustainable Forest Management and the standard for the Chain of Custody shall be supported and formally accepted by the system manager.
<i>Two criteria.</i> The PEFC-SE standard is based on the generic PEFC standard and includes the relevant criteria. PEFC has a written procedure for accepting Certification Systems including their standards.	
P 5 OK	The standard shall be clearly structured, complete, usable and allow for objective assessment.
<i>The three criteria refer to the suitability to apply the standard at the FMU level, consistency in terms of structure and reasoning, and compatibility with national and international laws.</i> The improved TD is now functioning that way.	
P 6 OK	Certification Bodies shall comply with international accepted standards of professionalism and independency.
<i>Three criteria require the CS to set requirements as to the status (accreditation) and professionalism of CB and the procedures they follow.</i> In line with generic PEFC rules. Audit reports however do not provide with detailed or specific information.	
P 7 OK	Group Certification shall be based on compliance with the performance standards for individual forest management units, respectively CoC participants, and in addition specific requirements regarding group organisation and management.

Three criteria require that the Group Certification system specifies the tasks and responsibilities of the group leader and that the standard imposes requirements for the management system and the expertise of the group leader.

Accordingly functioning.

Conclusion:

Based on the above observations, requirement Part V is considered to be sufficiently met.

5. Overall conclusion:

In general it is observed that all normative parts of the Keurhout System are being sufficiently covered by the requirements of the KH-system in the context of the Swedish legislation and forest management tradition, and providing that the underneath conditional observations are being met.

A requirement for CoC companies, that receive/procure wood raw materials from foreign non-KH admitted sources, to apply a full Legal origin timber verification of suppliers by independent CB's not later than September 25th 2011. Meanwhile availability of self declarations and functional secondary control system will be verified by CB's.

And further:

Keurhout considers it the responsibility of PEFC Sweden. to provide Keurhout with full copies of annual surveillance audit reports, related to the FMU's and related CoC, whenever requested.

PEFC Sweden shall inform Keurhout at least one month in advance on any changes of its standards as well as of changes in relevant legislation and/or regulations.

PEFC Sweden shall provide Keurhout once every six month's with an up-dated overview of all valid certificates and of the companies that comply with the additional KH-CoC conditions.

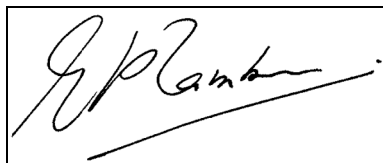
Failure to do so may result in suspension of the admission to the Keurhout Sustainable system.

Date: September 25th, 2007

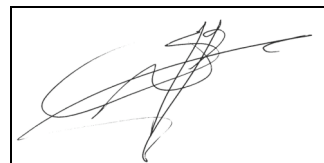
Signed:

Ir. E.P. Zambon

Prof. C.J. Jepma



(Secretary)



(Chairman)