

**FOREST PLANTATION MANAGEMENT
AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY
10 YEARS RECERTIFICATION EVALUATION REPORT For
EUCATEX S.A. IND. E COM.
IN THE STATE SAO PAULO - BRAZIL**

**CONDUCTED UNDER THE AUSPICES OF THE FSC
AND SCS FOREST CONSERVATION PROGRAM**
Certification program accredited by FSC

**Certification registration number
SCS-FM/COC- 00040P**

**SUBMITTED TO
EUCATEX S.A. IND. E COM.**

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BRAZIL

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Organization of the Report

The report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be on the SCS web site (www.scsertified.com), in at least 30 days after the certificate is issued. Section B contains more detailed results and information for the use of the company.

Partial Certification Process

Ten years recertification process of **EUCATEX S.A .** forest management , in the Sao Paulo State, Brazil, covering a total area of **40.655** hectares with eucalyptus planted areas of **26.667** hectares and conservation areas in a mount of **11.763** hectares.

Foreword

SCS -Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by EUCATEX S.A to conduct a ten year recertification evaluation of its forests plantations, located in the State Sao Paulo. Under the FSC/SCS certification system, forest management operations meeting the international standards of forest stewardship, as well as ones defined by the Brazil Working Group for, for the Forest Management of Forest Plantations, in its most updated version during the field visit (version 9.0 –), can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace

In March 2006, an interdisciplinary team of environmental resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a five days field and office audit of the subject property as part of the recertification evaluation. Upon completion of the fact-finding phase of the evaluation, the team assigned performance scores to the 70 FSC Brazil criteria and, from those scores, generated weighted average performance scores for each of the 10 FSC Principles, in order to determine if this forest operation warranted re certification.

This report is issued in support of its recommendation to award FSC-endorsed ten years recertification for the EUCATEX S.A IND E COM forest plantation management in the state Sao Paulo Brazil Like it is detailed following , some non conformities (also known like as major cars)were defined by the evaluation team after the field audit and delivered to EUCATEX who totally accomplished by the company prior to finalization of this report, like it was verified by SCS. In the event that the recertificate is awarded, Scientific Certification Systems will post this public summary of the report on its website www.scscertified.com.

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SECTION A – PUBLIC SUMMARY & BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 – FSC DATA REQUEST

Company	EUCATEX S.A. IND. E COM.	
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WEB	www.eucatex.com.br	
Certificate Number	SCS-FM/COC-00040P	
Duration	9/30/2006-9/30/2011	
Certification type	Multiple farms (FMU),but only one Management Plan	
FMU Number	27	
FMU evaluated with less than 100 ha of area	--	
100 a 1.000 ha of area	14	
1.000 a 10.000 ha of area	13	
More than 10.000 ha of area	--	
Geographic Coordinates of the certified farms	Lat 23° 22' 06" S	Lat 22° 39'58" S
	Long 48° 09' 14" W	Long 49° 02' 18" W
Forest Region	Subtropical	
Total Forest area included in the FMU	40.655,42 ha	
FMU less than 100 ha de area	----	
Between 100 and 1.000 ha of area	7.067,21 ha	
Between 1.000 and 10.000 ha of area	33.588,15 ha	
More than 10.000 ha of area	----	
Land tenure	Private(100%)	
Number of Forest workers including third part workers that act in the certificate area	188 direct workers e 750 third part workers	
Forest protection area protected from the harvest activities, and managed with priority	11.763 ha	

for conservation.	
Forest area defined like high conservation Forest	Reserva da Agua Fria with 150 ha Reserva das Bromelias with 250 ha
List of High Conservation Values	The company has a list of threatened species that appear in the areas considerate as HCV
Productive Forest area	26.667 ha
Productive Forest area classified like “plantation” for the Annual Accreditation Tax (AAF)	26.667 ha
Commercial wood list included in the evaluation (botanic and usual name)	Eucalyptus – <i>Eucalyptus grandis</i> ; <i>Eucalyptus saligna</i> ; <i>Eucalyptus urophylla</i> and hybrids
Authorized harvest approximate	1.235.000 m ³ logs with bark / year
Certificate product category list together with FM/COC e therefore can be sold as FSC products	Eucalyptus logs

1.2 FOREST MANAGEMENT CONTEXT

The Plantation Forest Management developed by EUCATEX at the Sao Paulo units must follow national and state regulations and laws related to forest management. The following main regulations must be observed:

In the federal sphere:

- Brazilian Forestry Code (Law 4771/65, modified by Law 7803/89)
- Interim Measure n° 2.166-67, de 24/08/2001, that changes the law 4.771/65 (Forest Code)
- Law of the Conservation Units Nacional System (law 9.985/2000)

In the state sphere:

- Edict n° 17 of the DEPRN (Sao Paulo) of 03/30 1998 – established at the organism the initial documentation and the procedures for the Operation License.
- Emission of invoices (Notas Fiscais), when products are sold.

In the municipal sphere:

ISSQN tax payments, when third-party services are used

In addition, all work-related tax payments in the federal sphere are mandatory, including:

- Social security payments
- Government Severance Indemnity Fund for Employees (FGTS) payments
- Labor union fees (Union Dues)

1.2.1 Environmental context

The EUCATEX plantation forests object of this evaluation for recertification purposes are located in the Central and Southeastern regions of the State of São Paulo, more specifically in the cities of Salto, Itu, Elias Fausto, Porto Feliz, Salto de Pirapora, Pilar do Sul, Botucatu, São Manoel, Anhembi, Conchas, Bofete, Itatinga, Avare, Angatuba, and Capão Bonito. Plantations are located mainly in the Tietê-Sorocaba and High Paranapanema river basins, although there are areas planted in the Tietê-Jacare and Medium Paranapanema river basins as well. From a physiographic point of view, the areas are located in three out of the five physiographic regions of the State of São Paulo, predominantly comprising the *Atlantic Plateau Region*, consisting of a set of plateaus, ranges, hills, and knolls situated immediately west of the coastal ranges (Serra do Mar); the *Peripheral Depression Region*, consisting of a topographically-lowered zone in relation to the Atlantic Plateau, situated in the central portion of the state; and the *Western Plateau Region*, just above the scarps and transition relief's known as *Basaltic Cuestas*. The landscapes present in these regions have great diversification in their structural elements due to the relief and to land use and occupation. In general, these landscapes are predominantly characterized by agriculture, livestock-farming activities, and forest plantations. With regard to vegetation, the EUCATEX planting areas are distributed among different types of environmental systems, including regions where the following can be found: Dense Ombrophilous Forest (Atlantic Rainforest – Montane), Seasonal Semideciduous Forest (Inland Atlantic Rainforest), areas containing Subtropical Ombrophilous Forest (Araucaria Forest) incrustations, and different areas of ecological tension between these forests and various types of Cerrado (Cerrado Field, Cerrado, and Forest Savanna). In these regions, as in the entire state, the environmental consequences of the process of economic development have caused substantial changes to the natural landscape. The plant formations that covered 81.8% of São Paulo's territory in the past century - prior to the large-scale anthropic occupation initiated in 1920 - were reduced to 13.4% in 1993, and are possibly even smaller today. This habitat loss resulted in significant impacts to the fauna associated with each biome. Only extremely fragmented landscapes are left in most of the state's inland region, while in the Serra do Mar Atlantic Rainforest region some continuous forest areas with relative ecological integrity still remain.

1.2.2 Socioeconomic context and brief history of the region

The EUCATEX Certified areas are distributed among two regions: Salto and Botucatu. The Management Units in the Salto region are located in areas near the urban zone, extending from the city of Salto toward cities to the south, in the administrative region of Sorocaba, such as Salto de Pirapora, Pilar do Sul, and São Miguel Arcanjo. The Salto region is characterized by a more significant population density when compared with other regions. The cities in this area are located between two important urban and industrial centers such as Campinas and Sorocaba, and are also relatively near the state capital. The services industry, such as tourism, is among other economic activities developed in Salto. Farming and livestock activities, in turn, presently play a secondary role. Because of this scenario, the labor force employed in the forest management activity comes from areas to the south, such as Pilar do Sul and Salto de Pirapora. In the same way, forest management suffers with security problems in EUCATEX management units located too close to urban centers, such as deliberate fires that result

in great losses to the company. EUCATEX still maintains these forests because transport to its industrial plant is easy. The cities more to the south from Sorocaba have a low-profile economic dynamics, and work opportunities are based on livestock rearing and farming. The forest industry constitutes one of the most important job-creating sectors, due to the presence of other companies in those locations.

With regard to the Botucatu region, various socioeconomic activities take place in the area. The most important regional center is the city of Botucatu, which aggregates business and services offered to the surrounding municipalities and to the industry, in the transport, textile, and forest sectors. Simultaneously, the farming and livestock sector is equally important, as well as the education industry, with a number of universities that attract a significant student population. The surrounding cities, however, consist of small urban centers, focused on livestock, farming, and forestry activities. In this respect, Itatinga is one of the municipalities concentrating a large number of service providing companies in the forestry sector for companies in this industry that possess land in the region, including the paper and cellulose industry. Bofete also provides a non-negligible labor force to the forest industry, including EUCATEX itself.

It is important to point out that in the three areas (Salto region, southern Sorocaba, and Botucatu), land tenure at EUCATEX is calm and pacific, without problems of any kind with extremist social movements. Even areas in the Botucatu region where such movements have invaded a few farms are far away from certified areas.

1.3 FOREST MANAGEMENT BY THE COMPANY

1.3.1 Soil use

The areas around EUCATEX consist of small, medium, and large properties, distributed across various cities throughout the State of São Paulo. Land tenure is calm and pacific and no significant relationship problems between neighbors and the company can be noted. Potential socio-environmental impacts that should be taken into consideration have been manifested in the public concerns identified in the Public Consultation process, as presented in item 3.3.5.3 of this report.

1.3.2 Soil use out of the certified area

The EUCATEX areas not included in this recertification process are:

- Areas planted with pine, not managed in a sustainable manner (Estreito and Bebedouro farms, in the municipality of Itapeva, with 1,144 ha)
- Leased areas that do not have sufficient legal reserve nor a contractual adjustment clause between both to settle the issue, as well as a commitment to maintain conservation areas (Coronel Delfino and 2T farms, in the municipality of Anhembi, with 1,109 ha) according to *MAJOR CAR 2006-01*.

In this respect, the areas that have not been included in the certification process do not comply with certification standards, but are also used for the production of eucalyptus logs for the company. The solution in the medium and long term consists in leasing new areas or changing the leasehold contract to make provisions for the recovery of legal reserves

1.4 Management Plan

1.4.1 Management Objectives

The EUCATEX forest plantation management has the objective to obtain more adequate raw material for the particle boards industry production. To raise this objective the company plants fast grow and adequate adapted to the climate conditions species.

1.4.2 Forest composition

EUCATEX S.A. is a public corporation controlled by domestic investors, whose owners are members of the Maluf Family.

EUCATEX S.A. Ind. e Com. was founded in 1951. This industrial group consists of several units and industrial interests, such as minerals, paints, metallurgy, forests, and lumber. Currently, the company has a plant with two lines for the production of boards, in Salto, and a particleboard plant in Botucatu – SP. The existing factories produce hard fiberboard panels, particleboards, floors, insulating materials, and doors. The annual consumption of timber to make boards is approximately 896,000 st/year, and particleboard production amounts to 753,000st/year.

The EUCATEX forest properties are divided among 3 regions of the State of São Paulo: Salto, Buri, and Botucatu. The EUCATEX areas included within the scope of certification, by region, city, and soil use are listed below.

SALTO REGION

Nº	FARM	MUNICIPALITY	AREA (ha)				% conservation areas
			TOTAL	Commercial Planting	PPA and reserve's	OTHERS	
1	SANTA LUZIA	ITU	721,58	531,69	105,66	84,23	14,64
2	SÃO PEDRO	ELIAS FAUSTO	540,87	444,10	74,46	22,31	13,77
4	NOSSA SENHORACONCEIÇÃO	ITU	836,44	604,52	155,93	75,99	18,64
5	BOA ESPERANÇA I	ITU	210,56	156,60	34,77	19,19	16,51
12	SÃO PAULO	SALTO PIRAPORA	724,68	535,21	133,36	56,11	18,40
13	SANTO AGOSTINHO	SALTO PIRAPORA	591,81	516,00	39,14	36,67	6,61
14	JOÃO XXIII	PILAR DO SUL	2.466,38	1.355,23	1.034,35	76,80	41,94
TOTAL			6.092,32	4.143,35	1.577,67	371,30	25,90

BURI REGION

Nº	FARM	MUNICIPALITY	AREA (ha)				% Conservation areas
			TOTAL	COMMERCIAL PLANTING	PPA and RESERVE	OTERS	
43	VITORIA	CAPÃO BONITO	2.703,83	1.960,58	536,36	206,89	19,84
TOTAL			2.703,83	1.960,58	536,36	206,89	19,84

BOTUCATU REGION

Nº	FARM	MUNICIPALITY	AREA (ha)				% conservation areas
			TOTAL	COMMERCIAL PLANTING	PPA and RESERVE	OTHERS	
6	SÃO JUDAS TADEU I	ANHEMBI	2.185,35	1.290,25	803,62	91,48	36,77
8	SÃO JUDAS TADEU III	ANHEMBI	290,87	214,17	55,68	21,02	19,14
9	NOSSA SENHORA FATIMA I	BOTUCATU	1.518,18	998,09	435,47	84,62	28,68
10	NOSSA SENHORA FATIMA II	BOTUCATU	266,32	120,87	136,92	8,53	51,41
11	SANTA FE	BOTUCATU	2.406,15	1.662,60	665,03	78,52	27,64
15	NOSSA SENHORA DE LOURDES	ANGATUBA	1.648,41	923,46	638,94	86,01	38,76
16	SÃO JOSE BROMADO	ITATINGA	1.553,26	1.010,15	473,88	69,23	30,51
17	SANTA ADELAIDE	ITATINGA	611,02	507,96	67,04	36,02	10,97
18	BOA ESPERANÇA II	ITATINGA	787,74	559,32	180,60	47,82	22,93
19	CAMPOS VEADOS	ITATINGA	197,99	147,28	31,34	19,37	15,83
21	SANTA IRENE	ITATINGA	3.566,56	2.337,32	1.132,41	96,83	31,75
22	AVARE	ITATINGA	1.280,87	837,20	377,08	66,59	29,44
23	VEADOS E INVERNADINHA	ITATINGA	372,51	291,94	56,30	24,27	15,11
25	SANTA TEREZINHA	BOFETE	3.900,60	2.630,29	972,39	297,92	24,93
35	SÃO MANOEL	SÃO MANUEL	2.193,09	1.624,10	455,95	113,04	20,79
36	RIO PARDO	AVARE	2.031,74	1.404,43	556,18	71,13	27,37
40	SÃO FRANCISCO ASSIS	BOTUCATU	622,41	460,82	91,87	69,72	14,76
41	JOÃO PAULO II	BOTUCATU	292,41	205,66	65,18	21,57	22,29
42	MORRINHOS	BOTUCATU	6.133,79	3.337,79	2.452,75	343,25	39,99
TOTAL			31.859,27	20.563,70	9.648,63	1.646,94	30,29

1.4.3 Silviculture System

The forest management system adopted by EUCATEX is monocyclic, with uniform ages in each stand; clear cuts are made at certain ages according to site and species, seeking the maximization of timber volumes produced. In this case the harvest medium age is 7 years with a foreseen production of 70 st/ha/year

1.4.4 Management System

Silviculture

The silviculture objective is to produce wood for the ply mill that involves all the implantation process and forest maintaining

Below all the EUCATEX implantation and forest maintaining operations are listed:

- 01) Before cutting herbicide
- 02) Stump lowing.
- 03) Waste grind.
- 04) After spreading herbicide application before planting.
- 05) Chalk application
- 06) Soil preparation or manual planting spot.

- 07) Planting.
- 08) Irrigation
- 09) Replanting .
- 10) Fertilization .
- 11) Chemical cleaning at the space between rows.
- 12) Chemical cleaning at the rows.
- 13) Base cleaning.
- 14) Sprout thinning.
- 15) Ant control with bait
- 16) Ant control with hot moistureur.
- 17) Bed cleaning
- 18) 2nd rotation chemical cleaning .
- 19) Chemical fire break cleaning
- 20) Before spreading herbicide application

As important steps of a forest pre implantations it is value to emphasize:

Species/Origin Selection

The selection and introduction of clones with higher productive capacity for different site conditions, allow timber production to be optimized by a more predictable response to the environmental conditions

Road network definition

The road network follows technical, environmental, and economic criteria, providing smaller environmental impact, reducing erosion and transport costs, and meeting transportation requirements in different seasons of the year, such as the rainy and drought periods, considering the weight that needs to be transported.

Erosion control

Erosion control is accomplished by the construction of terraces, changes in the road network, adjustment of water outlets, and construction of retention ponds, preventing losses of soil and its nutrients. Rainfall water retention in the stands is a really important factor to maintain soil quality, with direct reflexes on productivity.

Stand remapping

Stand remapping follows the same criteria used to plot the road network, and is only used in forest reformation areas in which there are inadequate roads and carriers that cause transport problems in different seasons of the year, generating a high maintenance cost, and producing continuous environmental impacts via soil erosion.

Stand remapping defines the road network configuration, combining stands with smaller areas and limiting the maximum distance for timber landing in the forest harvesting season.

Stand remapping carriers are most often demarcated along contour lines, or on a small ascending slope, trying to avoid steep slopes that would make traffic difficult for vehicles, machinery, and equipment during silvicultural intervention stages.

Soil Mapping

Pedological mapping aims at cartographing different soil types, which are characterized with regard to their morphological, physical, chemical, and mineralogical attributes. It also qualifies their mechanization and use limitations. This knowledge provides orientation for suitable land use when planting forests.

The type of soil tillage, more suitable species for the edaphoclimatic condition, and required fertilizations to ensure the expected productivity are defined based on soil type.

The pedological map also provides information to locate the road network and stand remapping if necessary, preventing roads and carriers from being located on poorly drained soils or soils that cannot withstand transportation weight.

Operational Efficiency Control

The silvicultural operations go through operational efficiency control on a daily basis. This procedure is essential to ensure that forest production practices are performed within defined technical criteria, thus preventing forest production losses by operations performed improperly. Once the quality of the forest operations has been determined and adequate execution of these activities has been ensured, all planted stands between 45 and 210 days of age are evaluated. A field survey procedure is adopted that takes into consideration some important parameters associated with forest productivity, like plantation survival heterogeneity; weed competition; occurrence of damage from herbicide application; and nutritional status of the forest. Based on the results obtained for these parameters and considering different importance weights for each of them, the potential productivity that the evaluated stand may achieve if no operational interference occurs is evaluated. Corrective actions are defined if the evaluation demonstrates that the production goal established by the company will not be achieved.

These operational interferences directed at younger plantations have improved the initial quality standard of forests. This minimizes eucalyptus growth variations and allows to ensure greater potential productivity in EUCATEX forests.

Timber Harvesting

The harvest system adopted by EUCATEX is a semi-mechanized system, using a chain saw operator to fell eucalyptus trees, with mechanized removal by means of forwarders or adapted agricultural tractors. All the detailed working of the harvest can be observed at the procedures listed below :

- 1) Slash before cutting .
- 2) Felling.
- 3) Delimiting .
- 4) Bucking.
- 5) Stack.
- 6) skidding
- 7) loading .
- 8) Transport.

Forest Information Management System

Beginning in 1999, EUCATEX established as a goal to implement a forest information management system, aimed at globally integrating the three main forest information sources: Inventory, Registration, and Cartography.

Because of this goal, it became necessary to implement a Geographic Information System. This tool can organize and make this volume of information available in a fast, accessible, and intelligent manner to support management decision making, in order to maintain the sustainability of extensive closed forest stands distributed among several locations with diversified climatic, topographic, and pedological conditions.

The GIS has already been consolidated as a powerful and effective tool to administrate management problems inherent to commercial forest areas, but has also proved extremely important to manage permanent preservation areas and legal reserve areas (riparian forests and forest fragments).

An effective, reliable, and safe database is required to implement a Geographic Information System - GIS based on a relational model. This allowed the creation of a Forest Information Management System - SISFLORE, including information on soil use, all implementation/maintenance/harvest operations, operational cost and yield, contract follow-up, forest inventory, soil and climate survey and monitoring, cloning, research, and occurrences. It also makes custom research tools available to the end user and allows the generation of onscreen, hardcopy, or text file reports.

SISFLORE, which uses PROGRESS as its database software and front-end programming language, has been devised to become integrated into the GIS and the Statistical Analysis System - SAS[®], in order to make all information stored in it available to these systems in a fast and secure manner.

1.4.5 Monitoring system

EUCATEX carries out monitoring operations, presenting their executive summaries for the following parameters:

- Nutrition of eucalyptus plants
- Annual consumption of pesticides: total, per hectare, and per forest unit.
- Weed competition
- Rational use of herbicides.
- Leaf-cutting ant monitoring.
- Nursery diseases.
- Accidents at work: with or without time loss, involving own personnel or personnel from service providing companies.
- Work incident
- EPS's documentation control (Labor turnover., labor, tributes and social security law accomplishment)
- Attending to legislation and others monitoring
- Labor turnover.

- Fulfillment of labor and tax laws by possible service providing companies hired.
- Listing of identified fauna species.
- Areas worked out per year in the Eucalyptus Elimination Program in Conservation Areas, by forest unit.
- Micro-watershed Monitoring.
- Expansion, in hectares annually, of conservation areas.
- Annual statistics on forest fires by forest unit, fire spot, and affected area.
- Forest inventory presenting volumes measured and yield projections, by year and by management unit.
- Fauna and Flora. Monitoring
- Atmosphere emission monitoring and car inspection .
- Water monitoring (drinkable and effluent emission)
- Soil Monitoring (gully , contour line and road net).
- Control and waste destination

1.4.6 Current and projected yield estimate

Eucalyptus forest plantations are basically used to supply EUCATEX's factories with raw materials, whose annual timber consumption for board making is 896,000 st, , in addition to 753,000st for the production of particleboards. The production of hard fiberboard panels amounts to 230,000 m³/year; particleboard production is 253,000 m³/year, and the production of floors is 16,000 m³/year.

1.4.7 Pesticides Use

The tables below list the pesticides used by EUCATEX in the establishment of its forests and in the seedling nursery. As can be seen, none of them are classified as classes IA or IB by WHO (World Health Organization); also, these are not chlorinated-hydrocarbon based products. Also, the pesticides listed below are not classified as having high persistence or being highly toxic, or whose derivatives remain biologically active or are cumulative in the food chain. They are not banned by international agreements either. Applications are performed in a controlled manner, and workers are trained for this activity and use all corresponding safety equipment. Every application is performed to reduce risks to the workers' health and to the environment.

Agrochemicals used in phytosanitary control in the EUCATEX forests

Class	Product	Licence	Pest	Principal active ingredient
Insecticide	Formicida DINAGRO Granulado and MIP's	yes	Cutting ants	Sulfluramida
	K-Othrine	yes	Cutting ants	Deltametrina
	TUIT	yes	Termite	Fipronil
	DECIS	yes	Caterpillar	Deltamethrin

Herbicide	Glifosato NORTOX	yes	Plants Competitor	Glifosato
	FORDOR	yes	Plants Competitor	Isoxaflutole mixture
	CHOPPER –NA	yes	Eucalyptus spreading	Imazapyr (*)

(*) product with derogation until 12/ 31//2006 – as procedures foreseen by FSC

2.0 STANDARD USED IN THE EVALUATION PROCESS

The standards used in the ten years recertification process of **EUCATEX S.A.** were the principles, criteria and indicators as defined in the standards for Plantation Forest Management of the FSC Working Group – Brazil, in the most recent version at the time of the field visit (version 9.0 of October 2004). They can be found at the FSC website: www.fsc.org.br

3.0 THE RECERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

- Ten years Re-certification
 - Public meeting : May 8 and 9, 2006
 - Field visit : May 08 to 13, 2006.

3.2 Assessment Team

Roberto E. Bauch, agronomist and sivicultural engineer - Mr. Bauch has more than 30 years of professional experience as a consultant in the private sector in Brazil and Central America. He is a specialist in forest management and silviculture. As a consultant, he has worked in several technical assistance programs in agroforestry engineering and the management of natural and planted forests within and outside of Brazil. He has participated in SCS certification evaluations in 15 plantation and seven natural forest management units. He worked in Nicaragua with a Swedish project of technical cooperation (SIDA) particularly in the area of sustained management of forest resources with government forestry organizations and indigenous people of the Atlantic Coast. He participated in the organization of the new Nicaraguan Forestry Service, and worked on FAO's Tropical Forest Action Plan (TFAP/FAO) coordinating the strategic plan for the sustainable and economic use of firewood as fuel. He worked as specialist for the World Bank/UNDP program PRODEAGRO in the State of Mato Grosso, working with natural forest resource management with the objective of dispersing technical information on the sustainable management of humid tropical forests. Currently he is a consultant with the German aid agency GTZ for the ProManejo Project, which aims to disseminate forest management techniques in the Amazon through loan incentives, subsidies for the creation of forest policies and to test a new control model for forest activity.

Mario Yasuo Kikuchi, Sociologist, received his BA at the Universidade de Sao Paulo, with a Master and Ph.D. at the same institution. He is a consultant in development projects in the environmental field with projects such as the environmental impact studies of hydroelectric dams Ji-Parana (Rondonia), Ita (Rio Grande do Sul and Santa Catarina), Machadinho (Rio Grande do Sul and Santa Catarina) and Segredo (Parana). He was Team Leader for the research team in the Ecological and Socio-economic Zoning in the state of Mato Grosso. He is member of the JBDSG in the Department of Preventative Medicine at the Escola Paulista de Medicina/Universidade Federal de Sao Paulo carrying out research as field coordinator of the Project on Diabetes Mellitus and Associated Diseases in the Japanese Community of Bauru – Second Stage. He was also coordinator of the census taking of this research population in the area of health and environment. He is a founding member of the Study Group on the Environment and Popular Participation (Grupo de Estudos de Meio Ambiente e Participacao Popular - GEMAPP/USP).

Vanilda Shimoyama Forest engineer and M. Sc. in Wood Technology, with over 16 years of professional experience, working as a researcher, consultant and advisor for the private sector in Brazil. In consulting and providing services for the industrial sector, she developed and implemented integration programs between Forest and Industry, aiming to obtain improvement in the quality of the final product and reduction of production costs. Also, she developed adequacy and optimization studies and programs for raw materials and industrial processes as well as use of residues. She developed and implemented monitoring programs of the wood technological characteristics and elaborated quality norms for Pine logs, for different market segments. In the forest sector, she elaborated norms for silvicultural activities and log harvest; she also developed, implemented and managed quality programs in the forest activities; she developed research about increase of the forest productivity and improvement of the wood quality. In the environmental sector, she carried out studies and developed programs to minimize the environmental impacts caused by the forest activities; she developed and implemented a program for management of residues generated by the forest activities, as well as norms for use of chemicals and introduction of new products; she coordinated studies about natural fragments (phytosociology) and projects for the recovery of degraded areas, studies, surveys and monitoring of fauna. In the social area, she developed programs of human resources qualification - training and recycling programs involving issues such as productivity, quality, work safety and environment; she developed projects, implemented and carried out environmental education programs for the schools in the Northern region of the State of Parana, for schools of neighboring communities and people who work at companies around the region. She participated in the SCS certification process of two units of forest plantation management and 12 processes of chain of custody certification.

3.3 EVALUATION PROCESS

EUCATEX evaluation occurred in the beginning of May 2006, with Public Meetings held in the cities of Bofete and Itatinga, in the State of São Paulo. These locations were selected because Bofete is the main area where the company maintains its activities and where the forest nursery is located, and also because this is where the environmental education program is carried out. Likewise, this is the location that absorbs the most labor for the various management steps. With regard to Itatinga, the Public Meeting for

the 2001 audit was held in this city. This location also corresponds to the place where the greatest number of clarification requests was received about the company's activities in the region, during the evaluation process.

The auditing process, however, was not limited to Public Meetings only, but comprised public inquiries about EUCATEX management, not only in both municipalities mentioned above, but also in the entire area where the company maintains its activities. This also comprises the Botucatu, Salto, and southern São Paulo regions (Salto de Pirapora, Pilar do Sul, São Miguel Arcanjo, Capão Bonito), where interviews were also held with local civil society representatives.

Similarly, company performance evaluation visits were made with reference to silvicultural management, harvest, and transport practices, recovery of Conservation areas (PPA + LR), environmental and social monitoring, socioeconomic benefits generated by the activity, control of chemical products, residues, service providers, work conditions, and legal aspects of forest management.

3.3.1 Itinerario

1ª ETAPA – AUDITORIA DE CAMPO

Date	Farm	Region	auditor
05/08/2006	Visit to the FMUs São Pedro, Coronel Delfino and São Judas Tadeu I.	Salto e Botucatu	Roberto Bauch
	Vitória, Santo Agostinho	Buri, Salto	Vanilda
	Third part control procedures , intern communication work safety, and social programs (Salto office)	Salto	Mario
At night	Public meeting in Bofete	Botucatu	Mario + Roberto
05/09/2006	COC Audit in Botucatu factory. Visits to the FMU's of Avare, Santa Terezinha, São Jose do Bromado and Boa Esperança II, FAVC – Agua Fria.	Botucatu	Roberto Bauch
	São Pedro, João XXIII	Salto	Vanilda
	Work safety procedures (Botucatu office), Santa Irene Farm, seedling nursery in Santa Terezinha farm, Third part company's office (Bofete)	Botucatu	Mario
At night	Public meeting in itatinga	Botucatu	Mario + Roberto
05/10/2006	Visits to the FMU João XXIII and Bromelias reserve (HCVF), presentation on the fauna and flora monitoring works.	Salto	Roberto Bauch
	Santa Irene, São Jose do Bromado, Boa Esperança, Santa Adelaide	Botucatu	Vanilda
	Third part company's office (Itatinga), Rural Workers Union (Botucatu), Coronel Delfino farm (Anhembi), São Judas Tadeu III farm	Botucatu	Mario
05/11/2006	Visit to the Santa Terezinha FMU, presentation of the experiments regarding CA restauration and landscape connectivity. In the afternoon meeting in ESALQ to present the monitoring programs on flora, fauna, landscape and restauration in agreement with the company	Botucatu	Roberto Bauch
	Santa Terezinha, São Judas Tadeu III, N. S. Fatima II, Santa Fe	Botucatu	Vanilda

	Fazenda João XXIII, Contractor office audit and meeting with local stakeholders (Pilar do Sul)	Pilar do Sul	Mário
05/12/2006	COC audit – Salto Mill	Salto	Roberto Bauch
	Santa Luzia; documentation; evaluation	Salto	Vanilda
	Fazenda São Pedro, Salto office (relation procedures and payment of contractors), tax payments.	Salto	Mário
05/13/2006	EUCATEX performance evaluation and presentation of results		All

3.3.2 Evaluation of Management System

The evaluation of the social economic was done throughout the analysis of the primary and secondary aspects, data were collected, relative to the many representative levels of the local and regional civil society. Similarly, particular attention was paid with regard to working conditions, including safety, training, transportation, meals, payments, tax collections, and fulfillment of the law. For this purpose, workers were interviewed at the places where their activities take place with reference to the documentation of service providing companies and the monitoring procedures applied to them. Special attention was given to interviews with local stakeholders and institutions, so as with representatives of the local communities where EUCATEX develops his plantation forest management.

In order to analyze environmental aspects, visits oriented to the above listed FMU's were made, in which we identified and inspected the cartographic material provided by the Company, and checked on their ground reality, observing the occurrence or not of environmental irregularities. During these visits, greater attention was paid to conservation areas protected by law, such as Permanent Preservation Areas and areas defined as Legal Reserve. The objective was to verify whether areas were the object of some sort of anthropic disturbance promoted by the company, by neighbors, or by the population in general, such as cultivation of eucalyptus or some other crop, the presence of service roads, subject to surface water discharges, or selective extractivism, predatory hunting, among other aspects. Samples from natural remnant areas were visited to evaluate the degree of degradation and the efficiency of protection and/or conservation actions. Special attention was also given to internal road maintenance actions in these FMUs, in order to verify the procedures of this activity and their impacts on water bodies and on natural vegetation remnants. It is interesting to mention that great effort was made to visit the highest number possible of sampling areas, identifying the "non compliance's" described and discussed ahead.

To evaluate the aspects related to the management, different farms were visited, including those where forestry operations occurred, such as inventory, soil tillage, ant fighting, herbicides application, harvest, skidding, and transport. Other areas were chosen because the operations had already been performed, in order to evaluate the resulting impacts. Forest production control systems and costs were evaluated, so as documents checked.

3.3.3 Selection of evaluated FMU

AUDITOR	FARMS (FMUs)
Roberto	São Pedro, Coronel Delfino, São Judas Tadeu I, Avare, Santa Irene, Brumado, Boa Esperança II, João XXIII and Santa Terezinha.
Vanilda	Vitória, Santo Agostinho, São Pedro, João XXIII, Santa Irene, São Jose do Bromado, Boa Esperança, Santa Adelaide, Santa Terezinha, São Judas Tadeu III, N. S. Fatima II, Santa Fe and Santa Luzia.
Mario	Santa Irene, Santa Terezinha, Coronel Delfino, São Judas Tadeu III, João XXIII.

3.3.4 Sítos Visited

On the table below are presented the main reason for the visits to the different FMU by the auditors. Sometimes, in different days and with different perspectives, the same FMU was audited, with an objective to create a complete panorama of the forest activities of EUCATEX.

FARMS (FM Us)	PURPOSE
Santa Luzia	Evaluate activities for the conservation of roads and fire lines, correction/maintenance of erosive processes, elimination of exotic species from conservation areas.
São Pedro	Activities such as timber cutting, removal, and transport to the factory. Evaluate the status of conservation area samples, forest roads, and conservation of plantations. Interviews with EUCATEX workers and service providers
Nossa Senhora Conceição	Evaluate the status of conservation-area and forest road samples. Interviews with EUCATEX workers and service providers
Boa Esperança I	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
São Paulo	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
Santo Agostinho	Evaluate the status of conservation-area and forest road samples, timber harvest, soil tillage for planting, removal of exotic species from conservation areas, work conditions in general, and soil conservation (erosions).
João XXIII	Evaluate maintenance / conservation of forest roads, timber harvest and transport, fuel storage facilities, forest fertilizations, application of chemical products (herbicides, ant killers), soil tillage, and work conditions in general. Interviews with EUCATEX workers and service providers. Evaluate the status of conservation area samples. Integrity and programs in the Bromelias reserve (HCVF).
Vitoria	Evaluate the status of conservation-area and forest road samples, timber harvest, soil tillage for planting, removal of exotic species from conservation areas, work conditions in general, and soil conservation (erosions).
São Judas Tadeu I	Evaluate the status of conservation area samples, forest roads, and conservation of 2-yr-old plantations.
São Judas Tadeu III	Evaluate timber harvest and transport activities, forest fertilization tests, conservation of roads and preservation areas (LR + PPAs). Interviews with EUCATEX workers and service providers

Nossa Senhora Fatima I	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
Nossa Senhora Fatima II	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
Santa Fe	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
Nossa Senhora de Lourdes	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
São Jose Bromado	Evaluate the status of conservation-area and forest road samples, forest roads, and conservation of plantations, application of ant killers and herbicides, removal of exotic species / preservation of PPAs.
Santa Adelaide	Evaluate the status of conservation-area and forest road samples, forest roads, and conservation of plantations, application of ant killers and herbicides, removal of exotic species / preservation of PPAs.
Boa Esperança II	Evaluate the status of conservation-area and forest road samples, forest roads, and conservation of plantations, application of ant killers and herbicides, removal of exotic species / preservation of PPAs.
Campos Veados	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
Santa Irene	Activities like timber cutting, removal, and transport to the factory. Interviews with EUCATEX workers and service providers. Verify conservation areas, forest roads, and conservation of plantations. Integrity and programs in the Agua Fria reserve (HCVF).
Avare	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
Veados e Invernadinha	Evaluate the status of conservation area samples, forest roads, and conservation of plantations
Santa Terezinha	Evaluate activities of seedling production (seedling nursery), timber harvest and transport, implementation of forests, conservation of forest roads, preservation of PPAs, storage and handling of chemical products, and general work conditions in these activities. Interviews with EUCATEX workers. Evaluate the status of conservation area samples, forest roads, and conservation of plantations. Experiments on restoration of areas for landscape conservation and connectivity.
São Manoel	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
Rio Pardo	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
São Francisco Assis	Evaluate the status of conservation-area and forest road samples, forest roads, and conservation of plantations, application of ant killers and herbicides, removal of exotic species . Interviews with EUCATEX workers and service providers
João Paulo II	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
Morrinhos	Evaluate the status of conservation area samples, forest roads, and conservation of plantations.
Coronel Delfino 2 T	Evaluate the implanting of forest plantations in these new farms. The final decision was to not include these farms in the certification scope.

3.3.5 Stakeholder Consultation

Pursuant to SCS protocols, consultations with key stakeholders are an integral component of the evaluation process. Consultation took place prior to the audit, through letters to numerous institutions (see list appendix 1), and concurrent to the audit, with consultation in different localities , including municipalities where the company develop its activities. Among those interviewed were union stakeholders, representatives of public institutions, private organizations, political stakeholders and neighborhood residents. The main purpose of the consultations was

- To ask for input from affected parties about the strengths and weaknesses of EUCATEX forest plantation management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.
- To solicit input if the responsible for the forest management did consultation to the affected parts to identify any high forest conservation area

The main stakeholders in this evaluation were identified based on SCS data base, the results of a list presented by the company , by research in other files, and also for all the listed by FSC Brazil stakeholder lists . The following groups were defined :as main interested parts:

- Competes employee, including management and field staff
- Third part workers
- FSC Brazil members
- Environment NGOs local and regional members
- Social NGOs local and regional members
- Company's log buyers
- Environment organizations(license, inspection) federal, state and municipal

Other relevant groups

The evaluation team contacted organizations and individuals of the main interested parts. At the total 15 organizations answered regarding to the evaluation per email, phone contact and personal interviews (see item 3.3.5.1 the synopsis of the comments).being 10 of them participants of the two public meetings that occur in may 2006. At the total for 226 organizations and individuals the public Consultation forms and a invitation letter were sent by emails or post, describing the certification process and giving the opportunity to do their comments (appendix 02). The organizations or individuals which do comments and allowed to have his names at the report list , also the ones which were contacted but didn't answered , are listed at appendix 02

3.3.5.1 Model - Public Consult of EUCATEX S/A

REUNIÕES PÚBLICAS

CONVITE

Re-Certificação FSC das Regionais de Salto e Botucatu

EUCATEX S.A.

A SCS – Scientific Certification Systems (www.scs-certified.com) – entidade credenciada pelo FSC (*Forest Stewardship Council* – Conselho de Manejo Florestal) para a Certificação Florestal, vem através desta convidar a V. Sa. para as **Reuniões Públicas** que marcam o início do Processo de Re-Certificação Florestal, requerida pela EUCATEX S. A., em suas Unidades de Manejo que abastecem as fabricas de Salto e Botucatu. Essa empresa – já Certificada pelo FSC/SCS – desenvolve manejo de florestas de eucalipto em diversos municípios no Estado de São Paulo, num total de 40.816 ha, sendo 27.197 ha de plantio comercial distribuído entre as Unidades Regionais de Salto (8.957 ha) e Botucatu (31.859 ha).

A EUCATEX S. A. – fundada em 1951 – tem entre suas principais atividades: a produção de chapas de fibra de madeira, painéis de madeira aglomerada e pisos laminados, gerando 938 empregos diretos, sendo 188 trabalhadores próprios e 750 trabalhadores de prestadores de serviços. As Unidades de Manejo distribuem-se por plantações nos municípios de Salto, Itu, Elias Fausto, Salto de Pirapora, Pilar do Sul, Botucatu, Itatinga, Anhembi, Bofete, Angatuba e Capão Bonito. No campo social e de pesquisa, a empresa desenvolve inúmeros convênios com instituições sociais, universidades e órgãos de pesquisa.

O processo de Certificação FSC prevê a participação da *sociedade civil*, através da realização de duas Reuniões Públicas, que ocorrerão nos municípios de **Bofete**, no dia **08 de Maio de 2006** (Segunda-feira), na Câmara Municipal, localizada na Rua Sete de Setembro, 54 – Centro; e em **Itatinga**, no dia **09 de Maio de 2006** (Terça-feira), também em sua Câmara Municipal, localizada na Rua Nove de Julho, 278 – Centro. Ambas as Reuniões ocorrerão entre as **19h00** e **21h30min**. Assim, V. Sa. podera optar por participar daquela que mais lhe for conveniente.

Salienta-se que a participação das mais diversas instâncias representativas da sociedade civil mostra-se importante, visto que a Certificação Florestal pressupõe o exercício pleno da cidadania de indivíduos e instituições direta e indiretamente interessados no assunto. Da mesma forma, a requerente deves desenvolver seu manejo florestal em conformidade com os Princípios e Critérios do FSC, o qual pressupõe que a empresa deva promover um manejo *socialmente justo, ambientalmente adequado e economicamente viavel*.

Ressalte-se que a Reunião sera realizada sem a presença da empresa durante o novo Processo de Avaliação (a ser realizado entre 08 e 12 de Maio de 2006). Seu objetivo sera colher sugestões e preocupações que devem balizar os trabalhos da auditoria de campo, que avaliara como se desenvolvem os manejos florestais nos aspectos *social, legal, ambiental e econômico*. Deste modo, sua participação mostra-se importante, a fim de que todos possam manifestar suas preocupações, comentários, sugestões, críticas ou apresentar novas evidências que possam ser úteis ao processo e que serão, em sua totalidade, registradas na presença de todos os participantes.

A Reunião sera dividida em duas partes:

- a) Exposição sucinta do processo de Certificação Florestal segundo os Padrões do FSC (Conselho de Manejo Florestal), ocasião em que os participantes poderão expor suas dúvidas remanescentes;
- b) Manifestação das preocupações ou aspectos que os participantes gostariam de ver contemplados nos Processos de Re-Certificação Florestal da EUCATEX S. A.

Caso seja de seu interesse, encontra-se em anexo um Questionario a ser preenchido por V. Sa., sendo que ele deves ser enviado ao seguinte e-mail: robertobauch@uol.com.br ou ainda, se preferir, ao fax: **(0xx19) 3424-5028**. Alem disso, se porventura houver interesse em obter maiores detalhes acerca dos *Padrões de Certificação do FSC para Manejo Florestal em Plantações Florestais no Brasil*, esse documento pode ser obtidos no *site* do FSC (www.fsc.org.br), no item “Padrões de Certificação”, onde e possível fazer o seu *download* (em formato Word) gratuitamente.

Desta forma, **todos estão convidados** a participar da Reunião Pública, **independentemente do recebimento formal deste comunicado**. Solicita-se, pois, de V. Sa. a **divulgação** do evento e do Questionario em anexo às instituições e pessoas de seu conhecimento que tenham interesse em participar do processo.

Atenciosamente.

Roberto Bauch
Mario Kikuchi
Auditores da SCS

3.3.5.2 Modelo - Public Consult Questionnaire of EUCATEX S/A

QUESTIONARIO DE CONSULTA PÚBLICA

Re-Certificação Florestal de Plantações Florestais (Região de Salto e Botucatu)

EUCATEX S.A.

Nome											
Instituição											
Endereço p/ Contato											
CEP:							-				E-mail
<p>1. O(a) sr.(a) conhece a EUCATEX S.A?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <input type="checkbox"/> Não</p>											
<p>2. O(a) sr.(a) teria algum comentario a fazer a respeito da EUCATEX S.A.?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <input type="checkbox"/> Não</p>											
<p>3. Quais seriam esses comentarios?</p> <p>_____</p>											
<p>4. O(a) sr.(a) conhece alguma peculiaridade dentro das Areas de Conservação da EUCATEX, e que tenha especial importância ecológica?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <input type="checkbox"/> Não</p>											
<p>5. Quais seriam essas areas (onde se localizam) e quais as características que a tornam importante para a conservação?</p> <p>_____</p>											
<p>6. Existe algum aspecto na area ambiental que o(a) sr.(a) considera digno de atenção na avaliação de campo?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <input type="checkbox"/> Não</p>											
<p>Qual(is) seria(m) esse(s) aspecto(s) ambiental(is)?</p> <p>6.1 _____</p> <p>6.2 _____</p>											
<p>7. Existe algum aspecto na area social que o(a) sr.(a) considera digno de atenção na avaliação de campo?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <input type="checkbox"/> Não</p>											
<p>Qual(is) seria(m) esse(s) aspecto(s) social(is)?</p> <p>7.1 _____</p> <p>7.2 _____</p>											
<p>O presente questionario tem por objetivo permitir aos cidadãos das mais variadas formações e interesses, ou representantes de instituições representativas da sociedade civil, participar de forma ativa do processo de Certificação Florestal do FSC. Desta forma, solicita-se que este questionario seja enviado ao seguinte E-mail: robertobauch@uol.com.br. Caso assim o prefira, o questionario pode ser enviado ao seguinte número de fax: (0xx19) 3424-5028. Solicita-se, igualmente, que o questionario seja divulgado para aqueles que, no seu entendimento, sejam pessoas que possam contribuir para o processo.</p>											
<p>OBS.: a) As identidades dos autores que fizerem observações neste questionario não serão expostas nos documentos atinentes ao Processo de Certificação.</p> <p>b) A participação dos interessados nesta Consulta Pública não implicara co-responsabilidade no Processo de Certificação.</p>											

3.3.5.3 Summary of Stakeholder Concerns and Responses from the Audit Team

Social Concerns

- **What Environmental Education programs are carried out for teachers as multipliers?**

EUCATEX develops activities within the company's Social-Environmental Education Program, specifically focused on public school teachers as multipliers in the municipalities of Pilar do Sul, Bofete, Itatinga, and Anhembi, the most important cities where the company maintains its activities. The program provides talks and classes including notions on ecology, the importance of existing forest formations, environmental problems experienced, environmental education in schools, and consumption awareness, among other activities.

- **Is there a union agreement with the SPCs?**

The Union Agreements of forest workers from service providing companies are distributed among Unions in Botucatu and region, Itapeva, Capão Bonito, and Capivari. The Agreements have not been established by each company, but are those made between employer representatives and the Union of Rural Workers in those cities.

- **How are payments per production negotiated?**

Agreements are negotiated based on the so-called “campeão” (champion), that is, the employee chooses the site, fells the plot and measures the tree in meters. Based on this, he has a reference of how much the production will be when measured by the person in charge, usually an employee assigned by the company.

- **Is there a program on professional training for those in charge of the SPCs?**

The professional qualification program for employees of service providers is carried out based on EUCATEX's needs, either for silviculture or for felling and transport, and is based on the company's training program timetable. It must be pointed out that not only trainings on operational and safety procedures are provided, but also on other areas (education and health) that the company deems important for worker development.

- **Is there a program to evaluate worker satisfaction with work conditions and work relationships?**

The field audit identified indications of work relationship problems among the nursery crew. EUCATEX, in turn, already holds periodic meetings called “coffee with the manager” in which the employee can manifest his/her opinions. However, because apparently this procedure was not sufficient, **major CAR 2006-08** was presented. As a result, EUCATEX presented a new procedure known as *Atmosphere Survey (Pesquisa de Clima)*, in which the employee will not be identified and will be able to freely express possible problems that he/she may experience day by day.

- **What communication channels exist between rural workers and the company's high management?**

Just as described in the previous concern, although open communication channels do exist, even then there have been problems that would not reach the company's high management. However, the new procedures should solve this problem.

- **What communication channels are there between EUCATEX and the communities?**

Among the various levels, the following channels are listed: PEA (Social-Environmental Education Program), targeted at the outside and inner public, 0800 phone lines, signs on farms and trucks, "notícias da floresta" newsletter, and the public summary of the Management Plan. However, during the field audit it was observed that, in practice, the local population had little knowledge about these communication channels. For this reason, **CAR 2006-07** was presented, requesting EUCATEX to implement, until the next annual audit, a new Advertising Program on Communication Channels for the outside public, including the existing 0800 phone line for populations that might potentially be affected by EUCATEX management.

- **What social programs are developed by EUCATEX and for which cities/regions?**

Município	EUCATEX actions
Salto	Participation and collaboration in Condema's inauguration
Pilar do Sul, Bofete e Itatinga	Participation and collaboration in the Interpretive Trails Work Group
Pilar do Sul, Bofete, Itatinga e Anhembi	PEA (Environmental Education Program) for public school teachers as multipliers
Bofete	Visits to PEA for children of collaborators
Itatinga	Mini Biology Congress
Botucatu	Monthly donation of selective waste to "Cooperativa de Deficientes Físicos" (Cooperative of People with Physical Disabilities)
Itu	Monthly donation of selective waste to "Cooperativa de Deficientes Físicos" (Cooperative of People with Physical Disabilities)
Bofete	Participation and collaboration in the Bofete Anniversary Parade
Conchas	Work in the "Espaço Amigo" (Friend Space) Project
Botucatu e Piracicaba	University students are accepted for internships

- **Is it possible to install another "casa da natureza" (Nature's home) in the Itatinga region?**

Fifty percent of EUCATEX's Environmental Education Program activities are targeted at the Itatinga region, for both students and teachers. This can be understood from the observation that 624 out of the 1,300 fourth grade students scheduled to visit PEA in 2006 are from Itatinga public schools. Consequently, due to the high cost that the installation of an additional Casa da Natureza specifically for the city of Itatinga would represent, the company will hardly make such additional PEA available.

Economic Concerns

- **How is the timber transfer value to EUCATEX (factory) defined?**

The timber transfer value is defined by means of an accounting cost that takes into consideration forest depletion, timber felling, removal, loading, and transport.

- **Does EUCATEX maintain communication with city governments about the volume transported to its factory?**

No. City governments are not communicated about the volume transported to the factory.

- **What multiple use activities of the forest area are carried out?**

There are several activities aimed at the multiple use of the forest, such as beekeeping. Respect to permanent preservation areas (river courses, headwater streams, etc.), together with the recovery and legal reserve programs developed by the company for these areas, has ensured that the forest area increases the regional production of water. Together with specific plans, these programs also help biodiversity conservation (fauna and flora). In terms of multiple uses of timber, the forest is used to manufacture different products. Forests also encourage the use of goods and services from local suppliers, generating jobs and income for the region.

- **How could EUCATEX contribute to minimize the impact of timber transport in cities?**

The company's harvest planning takes into consideration timber distribution routes, so as not to cause impacts. However, when a problem is detected, Eucatex, together with city administrations, seek alternative routes. The company also helps in the recovery of road sections. In 2005, 18 m³ of asphaltic felt were donated to the city of Itatinga.

Environmental Concerns

- **What is the recovery program for PPA's like?**

Currently there is a recovery program for degraded areas in PPA's and LR's which is performed in two ways:

- Enrichment of areas and follow-up on natural regeneration, in areas whose natural bank of seeds and plantlets allow this type of regeneration;
- Enrichment of areas undergoing regeneration with seedlings of native species adapted to the areas whose natural regeneration was not successful.

Several experiments have been conducted in this regard to define the most suitable models for each situation, among which are the following:

- Experiment 1 - Follow-up and conduction of natural regeneration in open areas - Location: Santa Terezinha Farm.
- Experiment 2 - Transposition of a bank of forest soil seeds - Location: Santa Terezinha Farm.
- Experiment 3 - Activation of a bank of autochthonous seeds - Location: Santa Terezinha Farm

- Experiment 4 – Evaluation of the effectiveness of biodiversity nucleation techniques
- Experiment 5 – Effect of eucalyptus management systems on the natural regeneration of native species. - Location:
- São Jose do Bromado Farm

3.3.6 – Other Evaluation Techniques

No other evaluation technique was used, only the ones normally used like fields audits, interviews and document consultations

3.4 – Total Time Spent on audit

A team of auditors was constituted to evaluate EUCATEX; the team reviewed all documents sent, and reading took 24 hours to be completed. Team members also had to travel from their home towns to the company, totaling 12 traveling hours, and a 4-day field audit was carried out, amounting to a total of 116 hours. In addition, 08 hours were spent to define the interested parties and to send the invitation and the questionnaire. A total of 195 hours were spent.

(hours)

	Roberto	Mario	Vanilda
Public Meetings	4	4	
Displacement (trip)	2	4	6
Documentation	8	8	8
Field	40	36	40
Stakeholders-/ invitation		8	-
Closing (03/17 at night and 03/18)	7	7	7
Closing meeting	2	2	2
Sub-total	63	69	63

3.5 – Process of Determining Conformance

The certification standards defined by FSC comprise three hierarchical levels: the principles, followed by criteria that provide details for each principle, and finally indicators that provide details for each criterion. According to the SCS's Forest Conservation Program evaluation protocols, an evaluation team should collectively determine whether a given forest operation complies with any applicable indicator within the relevance of the certification standard. Each noncompliance for a given criterion or subcriterion must be evaluated in order to determine whether it constitutes a major or minor noncompliance. Not all indicators have the same importance, and no numerical formula is employed to determine whether an operation is noncompliant. The team must use collective judgment to evaluate each criterion and to define its compliance. If a forest operation is evaluated as noncompliant for a given criterion, then at least one indicator must be evaluated as a major noncompliance.

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations

Major CARs/Preconditions: Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

4.0 RESULTS OF THE EVALUATION

On table 4.1 below ,are the audit team conclusions, related to the strengths and weaknesses of the forest operation in relation to the FSC principles and criteria. The table below present the number of corrective actions (CARs) in each principle.

4.1 - Notable Strengths and Weaknesses of EUCATEX relative to the FSC Principles and Criteria

Principles	Strengths	Weaknesses	Providence
P 01: Compliance with laws and FSC Principles	<ul style="list-style-type: none"> • Laws pertaining to the forestry activity are fulfilled by the company. • Evidence that all levies and fees pertaining to the activity are collected. • The management area is protected against illegal activities. There are formal procedures in place to ensure such protection. • Long term commitment for maintaining representative samples of the existing ecosystems. • Registration of legal reserve areas is in progress. • High Conservation Value Forest. 	<ul style="list-style-type: none"> • Just-leased Coronel Delfino and 2T farms must be removed from the scope of Certification. • The registration of reserve areas has not been finished yet. • Procedures to ensure that the "balance law" is fulfilled are required 	<p>PRE 2006-01 2006-14</p> <p>CAR 2006-01</p>

<p>P 02: Tenure and land use rights and responsibilities</p>	<ul style="list-style-type: none"> • Clear documentation for Certified areas. • There are no pending legal of administrative issues in relation to the properties. • Calm and peaceful tenure of properties. • Management does not threat tenure rights of local and surrounding communities. 	<ul style="list-style-type: none"> • Clear guidelines must be implemented for new leaseholds or land purchases, preventing the generation of environmental liabilities for EUCATEX. 	<p>CAR 2006-02</p>
<p>P 03: Indigenous People and Traditional Communities rights</p>	<ul style="list-style-type: none"> • Not applicable. There are no indigenous or traditional populations around or in the region where the management of EUCATEX's forest plantations is developed. In conclusion: management does not threaten or decrease the rights of any indigenous or traditional populations. 		
<p>P 04: Community relations and worker's rights of the Forest Management Unit</p>	<ul style="list-style-type: none"> • Workers that live in the cities of regions where the company develops its activities are hired. • There is no discrimination of any kind when hiring workers. • Social benefits for employees, extended to family members. • Suitable work conditions, with very good food and water quality provided to employees. • Work safety and fulfillment of applicable laws by service providers are monitored. • Clear signaling in work fronts and first-aid training are provided. • Transportation provided to employees made in adequate vehicles whose operational conditions are monitored. • Properly monitored qualification program for internal and outsourced employees. • Social programs are in progress. • Environmental education and training programs for local teachers. • Good and open relationship with rural worker Unions. • Special care with female workers in the nursery. • Compensation compatible with the region. 	<ul style="list-style-type: none"> • Labor turnover in the service providing companies was not monitored. • Lack of programs to decrease labor turnover in the service providing companies. • Medical examinations for workers with a risk degree of 3 do not include audiometric tests, which may cause problems in the field. • Results for the socioeconomic diagnostic must be supported by better evidence. Lack of programs for direct and indirect generation of income for the local population. • Improvements in advertising the Management Plan are needed. • Action strategies need to be implemented as changes in timber bucking productivity indices are adopted. • Monitoring the satisfaction of nursery workers with work and relationship conditions needs improvement. • Lack of a professional in charge of HR in the forest sector, including human development. 	<p>PRE 2006-02 2006-03 2006-04 2006-05 2006-06 2006-07 2006-08 2006-09 2006-10</p> <p>CAR 2006-03 2006-04 2006-05 2006-06 2006-07 2006-12</p> <p>REC. 2006-01 2006-02 2006-03 2006-04 2006-05 2006-06 2006-07 2006-08 2006-09</p>
<p>P 05 : Benefits from the Forest (Plantations)</p>	<ul style="list-style-type: none"> • EUCATEX is a company in the boards and panels industry in Brazil, with good profitability and investment capacity in the medium and long terms. • Forest management is conducted in an objective and businesslike manner to supply the Salto and Botucatu (SP) factories. • Plantations with good productivity, allowing the supplying of most of the factories demands with a total yield of 1.25 million m³ of debarked small logs/year. • Appropriate, economically viable harvest equipment in accordance with local conditions (topography, soil type). • Waste is disposed on the planting stands in a suitable manner, facilitating the use of the 	<ul style="list-style-type: none"> • The use of motor graders in road conservation activities during forest installation and growth stages is yet to be evaluated. • Bark is not used as a source of organic matter for the soil. 	<p>CAR 2006-08 2006-10</p> <p>REC 2006-10</p>

	<p>reduced tillage practice during planting operations.</p> <ul style="list-style-type: none"> • No fire is used for soil tillage. • The areas are quite dispersed, encouraging the use of goods and services from local suppliers, generating jobs and income for the region. • EUCATEX participates in river basin committees (Medium Paranapanema). • The company has made efforts to reduce soil erosion problems and to maintain conservation areas. • A recovery program exists for permanent preservation areas. • A continuous forest inventory program exists, where yield estimates are equivalent to yields obtained in the inventory. • Compatibility between current harvest levels and growth data. • Incentive to the local and rational use of residues 		
P 06 : Environmen- -tal Impact	<ul style="list-style-type: none"> • There exists a generic identification and evaluation of the environmental impacts of forest activities. • The fauna and flora surveys have been carried out at the FMUs; • There exist basic maps containing the conservation areas; • The company has prepared a Recovery Program for PPA's and LR's; • Studies on the recovery of degraded areas are being carried out; • Areas intended for conservation, legal reserve, and permanent preservation areas represent naturally occurring ecosystems in the region; • Existence of a forest fire prevention and fighting plan; • EUCATEX has an agreement with universities and a consultancy company to conduct these survey and fauna / flora monitoring works; • The implementation of fauna corridors has been planned to increase the connectivity between fragments of natural areas; • The equipment intended for use in forest activities is selected taking into account potential environmental impacts; • The damages caused by pests are low; • Pesticides have their use justified, with corresponding field tests, and every purchase is accompanied by an agronomic prescription; • When agrochemicals are applied, workers receive adequate training and use safety equipment; • A program exists for managing pesticides, including the reception, storage, application, return, and final disposal of containers; 	<ul style="list-style-type: none"> • A program to monitor gullies and contour lines must be implemented. • PPAs adapted to EUCATEX's reality must be defined • Implement physical barriers to prevent the use of abandoned roads / fire lines in conservation areas. 	<p>PRE 2006-11 2006-12 2006-13</p> <p>CAR 2006-09</p>

	<ul style="list-style-type: none"> • An integrated pest management program exists, even promoting the use of local predators; • A research program exists to reduce pesticide use and to seek less toxic products; • Procedures and infrastructure have been implemented to handle, treat, dispose of, and give a final destination to residues and product containers. 		
P 07: Management Plan	<ul style="list-style-type: none"> • There is a Management Plan appropriate for the scale and intensity of the proposed operations, which is being implemented and updated. The long-term forest management objectives and means to achieve them have been clearly described. • The descriptions of forest resources to be managed and management systems are in accordance with their characteristics. • There is evidence that the planning and operation teams are familiar with the management plan. • The summary of the management plan is available for public consultation. • Periodic review of the management plan. • The FMP is available for public reference at an easy access location. • Planning, implementation, and maintenance of the road network performed in accordance with technical specifications. • Descriptions and justifications are available for the selected harvest techniques and equipment used. • Appropriate control and storage of harvested products. • A plan for the prevention and control of fires with properly trained teams exists, with defined responsibilities. 	<ul style="list-style-type: none"> • No reference is made to the Social Diagnosis and its results. • The flora and fauna monitoring multiannual timetable has not been included. • The monitoring results (in the form of graphs) for the last 10 years, as planned in the P8, have not been included. • The High Conservation Value area and commitments assumed, as well as attributes that should be preserved, have not been characterized. • No reference is made to the Landscape Management Project. • Timetables have to be included for: <ul style="list-style-type: none"> ▪ Annual Program for Elimination Of Exotic Species ▪ Recovery of PPAs and LRs ▪ LR registration program 	<p>PRE 2006-14</p> <p>CAR 2006-13</p>
P 8 – Monitoring and Assessment	<ul style="list-style-type: none"> • Standardized documentation exists containing the justification and availability of the monitoring and evaluation method; • The monitoring information that has been obtained is recorded; • The methodological procedures (technique and sampling effort) adopted by the company to evaluate fauna communities are modern and allow the same area to be compared in time. • Parameters are being used to assess the level of connectivity between forest fragments; • The company has a model micro-watershed (ReMAM-IPEF-ESALQ Project) for forest management monitoring. 	Results have been incorporated into the current management plan, but this can be improved.	PRE 2006-14
P 09 – Maintenance of high Conservation Value Forests	<ul style="list-style-type: none"> • Two HCVF have been defined in two of the most threatened biomes in São Paulo, the cerrado and the Atlantic rainforest. • Because the HCVF are preservation areas, without commercial use, the precaution approach is guaranteed. 	<ul style="list-style-type: none"> • The presented version of the Management Plan did not clearly show high conservation value areas, commitments assumed, as well as attributes intended for preservation. 	PRE 2006-14

	<ul style="list-style-type: none"> • Because the HCVF's have been defined by vegetation physiognomies that should be preserved, the current flora and fauna monitoring programs have been included in those areas. 		
P 10 – Forests plantations	<ul style="list-style-type: none"> • The objectives of the forest plantations are clear in the management plan, including the conservation of permanent preservation and legal reserve areas. • In comparison with land use activities in the surrounding area, the forest plantations promote the protection of remaining natural areas, allowing the preservation of important wild species habitats. • The company has good spatial distribution of its areas, comprising different regions of the State of São Paulo, which has favored the creation of a labor market, maintaining excellent social sustainability of the forest. • EUCATEX has a good, long-term genetic breeding program, which includes a cloning and hybridization program. Currently, most plantations are derived from clones. • The selection of species for the plantations is based on their complete adaptation to the region where EUCATEX exerts its activities – the Southern Region of the State of São Paulo – and its compliance with the objectives of the management plan • In order to conserve the soil, suitable soil tillage techniques (reduced tillage) are employed, without the use of fire, with proper disposal of branches resulting from harvest, reducing soil compaction. Erosive processes are controlled and monitored. • Adoption of techniques compatible with local conditions (topography, soil type, and climate, among others). • Representation of preservation areas (PPAs, legal reserve) in the forest management unit, as well as their recovery plans, on maps and sketches. • Strategic programs aimed at the prevention and minimization of impacts on water resources (erosion control) and development of appropriate procedures. • Justifications provided for the application and doses of chemical products. • Existence of a program for the monitoring and periodic control of the quality of waste water from the seedling nursery. • EUCATEX has not carried out any deforestation to be transformed into eucalyptus plantings since 1994. Since then, conservation areas have only increased. 	<ul style="list-style-type: none"> • A periodic monitoring program for contour lines needs to be defined. • Lack of references in the Management Plan to the Landscape Management Project and PPA and LR recovery timetable. • A nursery water consumption control system has not been included in the EMS to comply with water license requirements • Guidelines are needed for the inclusion of new leasehold or purchased areas within the scope of certification • Sometimes unnecessary use of motor graders in road conservation activities during forest installation and growth stages. • Bark is not used as organic material for the soil. • The flora characterization in conservation areas has not been incorporated into EUCATEX's register and planning. • EUCATEX does not monitor weed competition. • Ant control technique for large ant nests, especially in new areas (e.g. pastures) 	<p>PRE 2006-13 2006-14 2006-15</p> <p>CAR 2006-02 2006-08 2006-11</p> <p>REC 2006-11 2006-12</p>

4.2 Pre-conditions or Major CAR's

Pre-condition: correcting actions defined in a forest operation after the initial audit that must be solved and accepted before the certificate is issued. The certification can't be issued if a pre condition is no accomplished.

The following pre condition were defined at EUCATEX during the initial audit. All of them were closed and accepted by the evaluation team.

Background /Justifications: Leased areas for which their contracts do not make liability provisions in relation to the maintenance and integrity of conservation areas cannot be within the scope of a FSC certification	
CAR MAJOR 2006-01	Accept that the Coronel Delfino and Dois T farms be excluded from the scope of certification.
Reference	<i>FSC Criterion P2.c1</i>
Actions by the company	
EUCATEX has sent a letter accepting this condition..	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications EUCATEX shall make an effort to decrease the labor turnover of service providing companies through the next years	
CAR MAJOR 2006-02	Present a SPC labor turnover monitoring program, including the reasons for dismissal.
Reference	<i>FSC Criterion P4.c1 e P8.c2</i>
Actions by the company	
The company has included the reasons for dismissal of employees from service providers in the labor monitoring procedures.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications The professionals responsible for work safety monitoring at EUCATEX should act with independence.	
CAR MAJOR 2006-03	The work safety sector should not the subordinated to operational management to avoid conflict of interests.
Reference	<i>FSC Criterion P4.c2c</i>
Actions by the company	
The company included its new organization chart into this major CAR's requirements.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: EUCATEX needs professionals focused on human/professional development, dedicated specifically to activities that involve forest management	
CAR MAJOR 2006-04	Create / define a sector responsible for the development of human resources for the forestry sector (including manual laborers) with

	responsibilities, among others, on: a) Training b) Career plan Performance evaluation (P4C2)
Reference	<i>FSC Criterion P4.c2</i>
Actions by the company	
The company has presented its new organization chart in conformity with this major CAR's requirements.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: : EUCATEX needs to improve SPC monitoring; this should not be a responsibility of the operational sector, to ensure that labor laws are fulfilled, in order to guarantee that possible irregularities will not go undetected.	
CAR MAJOR 2006-05	Define a periodic monitoring program in the field to check the truthfulness of data with regard to labor law compliance on the part of SPCs. Monitoring should not be performed by the operational sector..
Reference	<i>FSC Criterion P4.c2</i>
Actions by the company	
The company has presented its new organization chart in conformity with this major CAR's requirements.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: EUCATEX shall adopt preventive measures to identify the need for alterations in its operational procedures if individuals with disabilities are hired, mainly to preserve work safety.	
CAR MAJOR 2006-06	Make vision and hearing examinations mandatory in medical admission exams for all workers in order to avoid problems with the PPP (Professional Profile for Social Security Purposes) and accidents. If such disabilities are identified, this cannot constitute a selection or exclusion criterion, to ensure compliance with the P4C1 criterion as well (P4C2A).
Reference	<i>FSC Criterion P4.c2A</i>
Actions by the company	
The company has changed its new employee hiring procedures, making medical examinations mandatory as prescribed in this major CAR..	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: EUCATEX shall improve its work safety monitoring, including the identification and formalization of noncompliances and incidents identified in the field	
CAR MAJOR 2006-07	Implement a procedure to indicate noncompliances and incidents in work safety..

Reference	<i>FSC Criterion P4.c2C</i>
Actions by the company	
The company has presented new procedures in conformity with this major CAR.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: EUCATEX shall improve the monitoring of nursery work conditions in order to prevent potential embarrassment of workers and take preventive measures and provide training to employees in human relations	
CAR MAJOR 2006-08	Present a periodic program to evaluate satisfaction with work and relationship conditions in the nursery, so as to encompass its entire universe anonymously (P4C5).
Reference	<i>FSC Criterion P4 c5</i>
Actions by the company	
The company has presented new procedures in conformity with this major CAR	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: EUCATEX shall improve work safety procedures involving service providers.	
CAR MAJOR 2006-09	All SPCs must be aware of locations where cell phone signals are available in farms..
Reference	<i>FSC Criterion P4.c2</i>
Actions by the company	
The company presented maps containing locations identified as proposed in this major CAR	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: : EUCATEX shall be proactive when implementing management changes that might change the yield of workers that earn prizes per productivity, thus avoiding law suits and tarnishing of the relationship between employee and employer.	
CAR MAJOR 2006-10	Present strategies and action plans for negotiation among SPC workers to implement new technologies, targeted at defining productivity and payment indices (e.g.: changes in timber bucking from 2.40 to 3.60 m).
Reference	<i>FSC Criterion P4 c7</i>
Actions by the company	
The company presented, within its relationship procedures with the internal public, a scheduled policy that the implementation of new technologies will be a subject matter to be monitored..	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: Monitoring of existing erosion spots shall be part of the soil conservation program, aimed at stopping them.	
CAR MAJOR 2006-11	Present a gully monitoring program in the EMS.
Reference	<i>FSC Criterion P6 c5</i>
Actions by the company	
The company presented a gully monitoring program.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: Operational Instructions shall be as detailed as possible, so persons in charge of their implementation will have no questions	
CAR MAJOR 2006-12	Describe an Operational Instruction for stand remapping or soil occupation activities, including: <ul style="list-style-type: none"> a) A definition of PPAs adapted to EUCATEX's reality b) Intermittent streams shall be taken into consideration when defining PPAs c) Implementation of physical barriers preventing the use of abandoned roads / fire lines in conservation areas.
Reference	<i>FSC Criterion P6c5</i>
Actions by the company	
The company has presented an Operational Instruction in which these proposals have been included.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications Monitoring of existing contour lines shall be part of the soil conservation program, aimed at keeping their integrity.	
CAR MAJOR 2006-13	Define a periodic monitoring program for contour lines
Reference	<i>FSC Criterion P6.c5 e P10.c6</i>
Actions by the company	
The company presented an Operational Instruction in which the periodic monitoring of contour lines has been planned.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: The Forest Management Plan shall provide, among other items, a description and characterization of forest resources to be managed, socioeconomic conditions, and incorporate monitoring, research, and study results or novel scientific or technical information. The company has developed studies and gathered information; however, these should be mentioned in the Management Plan	
CAR MAJOR 2006-14	Include in the Management Plan: <ul style="list-style-type: none"> • References to the Social Diagnosis and its results; • Flora and fauna multiannual monitoring timetable; • Monitoring results (in the form of graphs) for the last 10 years,

	<p>as planned in the P8;</p> <ul style="list-style-type: none"> • Characterization of the High Conservation Value area and commitments assumed, as well as attributes that should be preserved; • Reference to the Landscape Management Project; • Timetables for: <ul style="list-style-type: none"> ○ Annual Program for Elimination of Exotic Species; ○ Recovery of PPAs and LRs; ○ LR registration program
Reference	<i>FSC Criterion P7c1, P4c4, P8c2, P8c4, P9c3, P9c4, P10c1,c2 e c7</i>
Actions by the company	
The company presented a new version of the management plan, including the above-mentioned aspects.	
Status by the end of this audit	
PRE fulfilled	

Background /Justifications: Because the water license for the nursery establishes a maximum consumption value, which needs to be observed, taking into account an increase in seedling production,	
CAR MAJOR 2006-15	Include a nursery water consumption control system in the EMS to comply with water license requirements
Reference	<i>FSC Criterion P10.c7</i>
Actions by the company	
Water consumption monitoring in the nursery has been added to the EMS.	
Status by the end of this audit	
PRE fulfilled	

5 – DECISION ABOUT THE CERTIFICATION

5.1 – RECERTIFICATION RECOMMENDATION

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the **EUCATEX S.A. IND. E COM** be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2. for a five years period **EUCATEX S.A. IND. E COM** has demonstrated that their system of management is capable of ensuring that all of the requirements of the Standard for Forest Plantation Management in Brazil, version 8.0 are met over the forest area covered by the scope of the evaluation. **EUCATEX S.A. IND. E COM** has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate

5.2 – CAR's (Corrective Actions Required)

Background /Justifications: The road transport activity in Brazil is standardized, with weight limits per cargo, aimed, among other items, at road conservation and user safety. During the audit, it was observed that in certain routes, the laws are not obeyed by companies that provide timber transport for EUCATEX. According to FSC's principles, compliance with all laws is a requirement, and EUCATEX should adopt procedures to ensure that this happens.	
CAR 2006.01	Present, by the 2007 annual audit, operational procedures that will encourage adherence to the "balance law" in timber transport on the part of SPCs..
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P1.c1</i>

Background /Justifications: The commitments assumed by EUCATEX during the entire certification process (10 years) was to not increase environmental liabilities; therefore, new leased or purchased areas are under the same principle.	
CAR 2006.02	Until the 2007 audit, implement the following guidelines for the inclusion of new leasehold or purchased areas within the scope of certification: a) EUCATEX is liable for managing the PPAs and LRs; b) EUCATEX shall watch over and perform the restoration of PPAs and LRs; c) EUCATEX's environmental liabilities shall not increase; d) Family use areas and those that encourage migration shall not be included; e) No areas shall be deforested after 1994..
Deadline o	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P2.c1.i1 e P10 c8.i1</i>

EUCATEX shall make an effort to decrease the labor turnover of service providing companies through the next years	
CAR 2006.03	Present, by the 2007 annual audit, strategies to reduce labor turnover in the SPCs, as well as evidence of turnover reduction by 25% in 2008 and 40% in 2009 (P4c1i1).
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c1.i1</i>

Background /Justifications: EUCATEX shall be proactive when implementing management changes that might change the yield of workers that earn prizes per productivity, thus avoiding law suits and tarnishing of the relationship between employee and employer.	
CAR 2006.04	In the 2007 annual audit, present the implementation of the Action Plan for negotiation among SPC workers to implement new technologies, targeted at defining productivity and payment indices, as laid out in MAJOR CAR 2006-10.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c7</i>

Background /Justifications: EUCATEX shall be proactive in implementing initiatives aimed at the generation of socioeconomic benefits to the region where the company maintains its activities, according to the needs identified in the Social Diagnosis prepared by the company	
CAR 2006.05	By the 2007 annual audit, present the Plan of Action for the Mitigation of Social Impacts identified in the Social Diagnosis, including Support Plans for the generation of local income and monitoring of results.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c4.i1</i>

Background /Justifications EUCATEX shall present evidence that measures resulting from monitoring the nursery work conditions have been put into action, including preventive measures and training to employees in human relations.	
CAR 2006.06	By the 2007 annual audit, present results for the periodic program to evaluate satisfaction with work and relationship conditions in the nursery, so as to encompass its entire universe anonymously, as provisioned in MAJOR CAR 2006-08
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c5</i>

Background /Justifications EUCATEX shall present evidence of measures taken to improve the company's social communication with society in locations where it has a more direct participation in the community..	
CAR 2006.07	By the 2007 annual audit, implement a Program to Advertise Communication Channels, including the 0800 phone line, for communities affected by EUCATEX management.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c4.i2 e P4c6</i>

Background /Justifications: : The use of motor graders in road conservation activities causes soil disaggregation, reduces water removal mulching on roads and can trigger erosive processes.	
CAR 2006.08	By the 2007 annual audit, present an evaluation on the use of motor graders in road conservation activities during forest installation and growth stages.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P6.c5 e P10.c6.i5</i>

Background /Justifications Since there are gullies in the EUCATEX certified area, a monitoring program must be implemented to demonstrate they have been stabilized	
CAR 2006.09	By the 2007 annual audit, implement a Gully Monitoring Program as presented in MAJOR CAR 2006-11.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P6.c5</i>

Background /Justifications: In the forest activity, the existence of practices that optimize the use of forest resources is essential to ensure sustainability. In this respect, the use of waste (bark) as organic material becomes an important practice to replace soil nutrients. EUCATEX does not debark timber in the field. This material is taken to the factory, but could be incorporated into the soil	
CAR 2006.10	By the 2007 annual audit, present a viability study on whether debarking eucalyptus in the field at farms that supply the Botucatu factory is feasible, in order to reduce freight costs and improve soil physical and fertility conditions.
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P5.c3.I3</i>

Background /Justifications: EUCATEX is currently conducting a survey on the native flora of its areas; however, the survey is not associated with or integrated into the company's register	
CAR 2006.11	By the 2007 annual audit, the flora characterization in conservation areas should be incorporated into EUCATEX's planning and register..
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P10.c2.i4</i>

Background /Justifications: EUCATEX shall be proactive to improve timber harvesting safety procedures.	
CAR 2006.12	By the 2007 annual audit, implement a harvest microplanning methodology (on maps or sketches) by stand, so as to allow SPCs to have previous knowledge about plantation outlines and plan their labor distribution (P4c2C).
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P4.c2C</i>

Background /Justifications: EUCATEX must present activities focused on human/professional development, specifically for professionals involved in forest management	
CAR 2006-13	By the 2007 audit, present a brief report describing training and human / professional development activities (including those for manual laborers) carried out during the past year, including: <ul style="list-style-type: none"> a) Training b) Career plan c) Performance evaluation
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P7.c3.i1</i>

Background /Justifications: All IPE used during pesticide application must be washed at specific locations, indicated by the company, to prevent contamination of environments and people. These cannot be taken home to be washed by the operators	
CAR 2006-14	Make adjustments for the storage and cleaning of some herbicide applicator IPE (leggings and gloves), preventing them from being taken home to be washed (leggings and plastic gloves). AUSCO, the supplier company for the IPE, carries pants specifically designed for this purpose; gloves should remain on the bus or at the work station
Deadline	<i>2007 Annual Audit</i>
Reference	<i>FSC Criterion P6.c63.i3</i>

Recommendations

Background /Justifications: EUCATEX shall promote preventive actions to improve monitoring of work/safety conditions specifically targeted at the seedling nursery	
REC 2006.01	Create an ICAP or a Safety Committee consisting exclusively of female nursery workers..

Background /Justifications: EUCATEX shall be proactive to improve safety procedures in activities related to forest management	
REC 2006.02	Improve signaling and the size of signs (P4c2F)

Background /Justifications: : EUCATEX shall promote preventive actions to improve and adjust work conditions in the seedling nursery.	
REC 2006.03	Improve nursery dwelling conditions to adjust to the current size of the facilities (cafeteria, locker room, rest area, among others).

Background /Justifications: EUCATEX shall improve monitoring of tax law compliance by SPCs, to ensure any irregularities do not go undetected	
REC 2006.04	EUCATEX should require SPCs to present their INSS (social security) tax payment receipts, regardless of backup withholding in Tax Invoices

Background /Justifications: : EUCATEX shall be proactive to improve safety procedures in activities related to forest management.	
REC 2006.05	EUCATEX's safety technician should participate in SPC ICAP meetings

Background /Justifications: EUCATEX shall be proactive to improve safety procedures in activities related to forest management.	
REC 2006.06	Encourage integration between safety areas

Background /Justifications: EUCATEX shall be proactive to improve safety procedures in activities related to forest management.	
REC 2006.07	Discuss SPC accidents at work at EUCATEX's ICAP meetings

Background /Justifications: Activities must be performed in a suitable and safe manner, including tree felling. In addition to training workshops to develop this activity, monitoring is important to check whether the technique is applied. EUCATEX monitors the quality of services performed by SPCs during timber harvest; however, some items must be added to allow a more effective evaluation of the tree felling technique.	
REC 2006.08	Improve the quality evaluation for the tree felling activity, including items that will allow a more effective evaluation of the felling technique.

Background /Justifications: EUCATEX has areas, e.g. at João XXIII Farm, with thick eucalyptus trees, remaining from previous interventions, with potential for multiple uses. Such timber could be sent to the regional market	
REC 2006.09	Analyze the potential creation of timber sources for multiple uses in the Salto region, especially in stands with remaining trees at the João XXIII Farm to supply the regional market (P5C2i1)..

Background /Justifications: The adoption of techniques and procedures aimed at reducing the amount of chemical products used in the forest activity is one of FSC's requirements. In this respect, weed competition monitoring is an item that could be evaluated by the company.	
REC 2006.10	Evaluate whether it is possible to monitor weed competition, which could significantly reduce the use of herbicides (P10C7i4).).

Background /Justifications: The use of pesticides should be adequate and effective; in this regard, some techniques could be better than others.	
REC 2006.11	Changes in ant fighting technology in large ant nests, especially in new areas (e.g. pastures) could be adopted, since the use of baits, in this case, is little effective

6 – SURVEILLANCE EVALUATIONS

If certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of EUCATEX S.A to the Brazil Forest Plantation Management Standard version 9.0. Public summaries of surveillance evaluations will be posted separately on the SCS website (www.scs-certified.com)

6.1 2007 Annual Audit

6.1.1 Assessment Dates

Recertification Audit	June 4 /9, 2001
First Annual Audit	October 28/31, 2002
Second Annual Audit	October 22/24, 2003
Third Annual Audit	May 3/7, 2004
Fourth Annual Audit	October 13/18, 2004
Fifth Annual Audit	June 21/24, 2005
Recertification Audit	May 8/13, 2006
First Annual Audit	May 28 / June 1, 2007

It took five days to conclude the assessment of Eucatex 's Forest Operations.

6.1.2 Assessment Team

Dr. Vanilda R. S. Shimoyama is a Forest Engineer graduated at USP and doctor by UFPR in the Wood Technology Area. She has more than twenty years in professional experience. She has worked as a researcher, consultant and service provide for private sector in Brazil. For the forest department, she has developed, implanted and carried out forest quality control programs. She has also developed research to improve forest productivity and for improving the wood quality. She has worked in the forest harvest area for more than seven years. For the environmental sector, she has carried out studies and she has developed programs to minimize environmental impacts caused by forest activities. She has developed management programs for the residues generated during the forests activities. She has also developed requirements to use chemical products and has introduced new products. She has coordinated natural fragments studies and projects to recover degraded areas. For the social sector, she has developed human resources qualification programs (training and recycling), involving subjects such as productivity, quality, safety at work and environment. She has developed projects, implanted and carried out environmental education programs in Paraná state Northern region. For the industrial sector, she has developed and carried out programs to integrate Forest x Industry aiming to improve the final product cost and reduce the production costs; she has also carried out studies and programs for a better use of raw material. For SCS, she has participated in the certification / recertification process of eight forest management units, involving planted and natural forests. She has conducted more than 32 audits in Northern, Southern, Central, Southeast and West of Brazil.

6.1.3 The Assessment Process

Eucatex's annual assessment began on the twenty-eighth of May – Capão Bonito and São Miguel do Arcanjo were the first audited sites.

Fazenda Vitória was audited in order to verify herbicide application, manual grazing, the program to eradicate exotic species from preservation areas and the road conservation.

Fazenda São Pedro was audited on the twenty-ninth of May – its plan, harvest and falling of trees, including cross-cutting, stacking and transportation procedures were assessed. The activities related to ant control were assessed, the employees were interviewed and the worker's occupation health certificate was evaluated. The herbicide application facility to control early weeding was visited.

A Chain of Custody audit was conducted in Salto mill in the morning of the thirtieth. Afterwards, the general employee's documentation was assessed (both direct employees and contractors) and the open CARs-related documents and the projects that were under development were evaluated.

A Chain of Custody audit was conducted in Botucatu mill in the morning on the thirty-first. The employees from Fazenda Avaré were interviewed – both direct employees and contractors and activities related to soil preparation, implantation, maintenance, harvest, transportation, maintenance of roads, situation of the permanent preservation areas and the program to eradicate exotic species from preservation areas were assessed.

Roads conservation of and the program to eradicate exotic species from preservation areas were evaluated on Fazendas São José Bromado and Santa Irene.

Herbicide application – related activities were assessed on Fazenda Sao Manoel.

The seedling nursery at Fazenda Santa Terezinha was audited on the first of June. The procedures adopted to generate seedling, the storage area and the pesticide control were inspected. The information that had been gathered during the morning was evaluated in the afternoon, and subsequently, there was a closing meeting with Eucatex's board of directors and technical staff. The status of the open CARs and the new CARs and Recommendations that have been raised during this audit were introduced.

6.1.4. Status of Corrective Actions Requested (CARs) and Recommendations

Minor CAR 2006-01	Reference: FSC P1.c1
The organization shall introduce for the 2007 annual audit operational procedures that include compliance with the legislation related to weight limit to transport timber for the contractors.	
Deadline: 2008 audit	
Company's Actions / Auditor Observations	
Eucatex has included this subject in the Harvest, Transportation and Supply Manual of Procedures, determining that the legislation is complied. The weigh limit of the loads transport was included in the contracts with the transportation companies (contractors). Moreover, from the first of February on, the timber that is delivered at	

the mill is received in volume (cubic meter) and it is not interesting for the transporters overload their vehicles.
Status at the End of the Audit
CAR Complied

Minor CAR 2006-02	Reference: FSC P2.c1.i1 e P10 c8.i1
The organization shall implant up to 2007 audit the following policies to include new rented or purchased areas in the certification scope:	
<ul style="list-style-type: none"> a) Eucatex´s shall be responsible by the Permanent Preservation Areas and Legal Reserves management; b) Eucatex shall preserve and restore both Permanent Preservation Areas and Legal Reserves; c) Areas that include family use and that cause migration; d) The areas that will be included shall not have been deforested after 1994. 	
Deadline: 2008 Audit	
Company´s Actions / Auditor Observations	
The company has excluded the rented areas from its certification scope and has included this policy in its management plan.	
Status at the End of the Audit	
CAR Complied	

Minor CAR 2006-03	Reference: FSC P4c1i1
The organization shall introduce in the 2007 annual audit strategies to reduce the turnover of workforce from the service providers companies and demonstrate evidences of workforce turnover reduction to 25% in 2008 and to 40% in 2009 (P4c1i1);	
Deadline: 2007 Audit	
Company´s Actions / Auditor Observations	
The company has been working to reduce workforce turnover. However, due to the scarce regional workforce and the competition with the farming sector, its reduction was not possible for 2007.	
The organization has been working to demonstrate a 10% reduction in its workforce turnover in the 2008 annual assessment. The organization has said it is not possible to obtain a 40% reduction. According to the workforce available, the human resources department estimates that it is possible to obtain a maximum 25% reduction. Due to the great demand from the sugar cane industry, the auditor has extended the deadline to 2008 to follow the tendency of this demand and gather evidences to review these figures or not.	
Status at the End of the Audit	
CAR open, deadline extended to 2008	

Minor CAR 2006-04	Reference: FSC P4.c7
At the 2007 annual assessment, the organization shall introduce and implant a negotiation Plan of Action between workers from the service provider companies´ workers the introduction of new technologies to improve the productive and income indexes, according to Major CAR 2006-10.	
Deadline: 2008 Audit.	
Company´s Actions / Auditor Observations	

The organization has not implanted any operational or technological alteration that influenced the productivity and income. When this happens (if it ever happens), the negotiation will be conducted by the unions.

Status at the End of the Audit

CAR Complied

Minor CAR 2006-05

Reference: FSC *P4.c4.i1*

The organization shall introduce in the 2007 annual audit a Plan of Action to Mitigate Social Impacts that have been identified in the Social Diagnosis, including a plan to support the local income generation and monitor its results.

Deadline: 2007 Audit.

Company's Actions / Auditor Observations

Approximately 70% of Eucatex's workforce comes from Itatinga and Bofete region. The diagnosis was conducted only in Bofete region, and based on the results that have been obtained, the organization is making a diagnosis in Itatinga as well. We present below a list of the actions that have been developed in Bofete region:

- Thirty-two people have been hired to work at the seedling nursery. Eucatex has become the largest Bofete enterprise.
- The organization has implanted a program to qualify youths (Technological Talents), where 30 teenagers that attend elementary school work in ecological treks and ecotourism.
- The organization has donated the material gathered in the FMUs garbage selective collect to thirty people, amongst them handicapped and needy teenagers.
- The organization gives support to 32 people from an apicultural association (contract under development).
- The organization has sought partnership to pave Cascata road (Itatinga/Angatuba) and Serra do Botucatu road.

Status at the End of the Audit

CAR Complied

Minor CAR 2006-06)

Reference: FSC *P4.c5*

The company shall introduce in 2007 annual audit the results from the periodic evaluation program related to working conditions satisfaction and functional relationship at the seedling nursery in a way to include everyone and in an anonymous format, according to Major CAR 2006-08.

Deadline: 2007 Audit.

Company's Actions / Auditor Observations

The organization has shown the results of the periodic evaluations that had been implanted at the seedling nursery. The issues that have appeared received a special treatment and they have been followed up to their conclusions. Eucatex's has developed a structure in the seedling nursery that has also improved significantly the workplace environment.

Status at the End of the Audit

CAR Complied

Minor CAR 2006-07	Reference: FSC P4.c4.i2 e P4c6
The organization shall implant up to 2007 annual assessment a program to inform the communication channels (including a 0800 phone number) for the communities that are affected by Eucatex 's forest management activities.	
Company 's Actions / Auditor Observations	
It was verified during the 2007 audit that the organization had implanted a program to make public a communication channel with the community, mainly the adjacent community. The organization has also prepared and shown a report will all contacts and demands that have been received and the subsequent resolutions.	
Status at the End of the Audit	
CAR Complied	

Minor CAR 2006-08	Reference: FSC P6.c5 e P10.c6.i5
The organization shall present in the 2007 annual audit an evaluation to use bulldozers in road conservation activities during the implantation and expansion of the forest. Deadline: 2007 Audit.	
Company 's Actions / Auditor Observations	
The company has evaluated the use of bulldozers in road conservation activities during the expansion of the forest and it has concluded that this equipment is unnecessary. The bulldozers will only be used in special situations when it is really necessary. The procedures to use bulldozers have been included in the road maintenance procedures.	
Status at the End of the Audit	
CAR Complied	

Minor CAR 2006-09	Reference: FSC P6.c5
The organization shall implant until 2007 annual audit a program to monitor Vocoroca, according to described on Major CAR 2006-11. Deadline: 2007 Audit.	
Company 's Actions / Auditor Observations	
After identification on map, Eucatex has implanted a program to monitor Vocoroca that is comprised by: <ul style="list-style-type: none"> - Demarcation and measure of the points with signs of erosion; - The first measures are taken; - The sites are periodically evaluated (every two months). - The company builds contention boxes. - The area is enriched with native trees. 	
Status at the End of the Audit	
CAR Complied	

Minor CAR 2006-10	Reference: FSC P5.c3.I3
The organization shall introduce up to 2007 annual audit, a survey to evaluate the viability to debark Eucalyptus trees in the field of the farms that supply Botucatu mill because it would reduce the freight costs and improve the physical and fertility conditions of the soil.	
Company 's Actions / Auditor Observations	
The company has surveyed the economical feasibility to debark the timber in the	

<p>field. The survey considered the manual debarking or debarker drum with manual feeding. The survey demonstrated that:</p> <ul style="list-style-type: none"> - Both manual debarker and the debarking drum with manual feeding have high risk to cause working accidents. - The cost involved to install the debarking process in the field is much higher than the costs to repose the nutriments exported with the bark. - There is a strong tendency that all timber consumed in Botucatu mill will be processed with bark to improve the specific consumption.
Status at the End of the Audit
CAR Complied

Minor CAR 2006-11	Reference: FSC <i>P10.c2.i4</i>
<p>The company shall present up to 2007 annual assessment of the preservation areas ´ flora characterization that shall be incorporated to the registration and Eucatex ´s plan. Deadline: 2007 Annual Audit</p>	
Company ´s Actions / Auditor Observations	
<p>The company has been changing its general control system; it has acquired new software. It will take a seven-month period to convert all data, including the flora characterization of the preservation areas. Therefore, the auditor is replacing this CAR by CAR 2007-04</p>	
Status at the End of the Audit	
CAR closed and replaced by CAR 2007-04	

Minor CAR 2006-12	Reference: FSC P4c2C
<p>The company shall implant up to 2007 annual assessment a micro plan harvesting methodology (in maps or sketches) per sector, that allow that the service providers companies (contractors)] know the plantations routes and plan the workforce distribution. (P4c2C).</p>	
Company ´s Actions / Auditor Observations	
<p>The company has developed a micro plan harvesting plan per harvesting sector that mentions the falling direction, the direction of the mechanized removal, or manual (if the case) and the timber storage area. The sketches present also the areas that have a declivity above 45% in permanent preservation areas and legal reserves, main roads, lakes and rivers. This system has already been implanted in the field.</p>	
Status at the End of the Audit	
CAR Complied	

Minor CAR 2006-13	Reference:: FSC <i>P7.c3.il</i>
<p>The company shall introduce in the 2007 audit a brief report describing the activities developed throughout the year for qualification and human/ professional development (including laborers)</p> <ul style="list-style-type: none"> d) Qualification. e) Career Plan f) Performance Evaluation. 	
Company ´s Actions / Auditor Observations	
<p>Eucatex has conducted an Organizational Environments Research and based on its</p>	

results, it developed a training, qualification and human/professional program including the following subjects: organization, communication and leadership. The organization showed the report related to these courses/trainings. The organization has implanted a system called “Job Rotation” to provide qualification to employees from different sectors. An individual performance and evaluation plan was conducted in April/May 2007.

Status at the End of the Audit

CAR Complied

Minor CAR 2006-14

Reference: FSC P4c2

The company shall adequate the storage of some individual protection equipments (leg protection and gloves) worn by the herbicide applicators to prevent that they are taken and washed at their homes. AUSCO, the individual protection equipment supplier has adequate pair of pants for this and the gloves must remain either in the bus or in the workplace.

Company´s Actions / Auditor Observations

The companies have adopted a system in which all individual protection equipment that is not part of AUSCO contract are left in the field.

Status at the End of the Audit

CAR Complied

Recommendations

Background/Justification: Eucatex shall promote preventive measures to improve the working and safety conditions, specifically the seedling nursery.

REC 2006.01 The organization shall introduce an internal safety committee that shall include all seedling nursery workers.

Company´s Actions / Auditor Observations

Eucatex considers that it is not necessary to create an internal commission exclusive for the seedling nursery because 50% of the Internal Safety Commission members are from the seedling nursery (3 people).

Status at the End of the Audit

REC Complied

Background/Justification: Eucatex shall engage actively to improve the safety procedures for the forest management-related activities.

REC 2006.02 The company shall improve the signals and their sizes (P4c2F)

Company´s Actions / Auditor Observations

The organization has had new signs manufactured and placed them at the workplace and at the sites where there is more flow of personnel inside the FMUs

Status at the End of the Audit

REC Complied

Background/Justification: Eucatex shall promote preventive actions to improve and adequate the seedling nursery´s workers conditions.

REC 2006.03 The organization shall adequate the seedling nursery facility (dining hall, dressing room, resting place, etc).

Company´s Actions / Auditor Observations

The company has transformed a facility in recreational area, which improved the physical structure near the resting place of the employees.
Status at the End of the Audit
REC Complied

Background/Justification: Eucatex shall reinforce the monitoring to verify if the service providers companies are in conformance with the fiscal legislation to ensure that it is possible to identify all irregularities.	
REC 2006.04	Eucatex shall request the INSS (social welfare) payment demonstrative, independent from the invoice retention.
Company 's Actions / Auditor Observations	
Eucatex demands that the service provider companies present these documents once a month.	
Status at the End of the Audit	
REC Complied	

Background/Justification: Eucatex must engage to improve the safety procedures at the forest management –related activities.	
REC 2006.05	Eucatex 's safety officer shall take part of the service provider company's internal safety commission 's meetings.
Company 's Actions / Auditor Observations	
This recommendation has not been complied and it has been replaced by CAR 2007-03.	
Status at the End of the Audit	
REC not complied and replaced by CAR 2007-03.	

Background/Justification: Eucatex must engage to improve the safety procedures at the forest management –related activities.	
REC 2006.06	Eucatex must integrate the safety areas
Company 's Actions / Auditor Observations	
This recommendation has been replaced by CAR 2007-03.	
Status at the End of the Audit	
REC closed and replaced by CAR 2007-03.	

Background/Justification: Eucatex must engage to improve the safety procedures at the forest management –related activities.	
REC 2006.07	Eucatex must discuss accidents at work that happened at the service providers companies during Eucatex 's internal safety commission
Company 's Actions / Auditor Observations	
This recommendation has not been complied and it has been replaced by CAR 2007-03.	
Status at the End of the Audit	
REC not complied and replaced by CAR 2007-03.	

Background/Justification: All activities shall be developed in an adequate and safe manner, including the falling of trees. Beside the trainings that have been provided, it is very important to monitor them in order to verify if the techniques are being applied properly. Eucatex monitors the quality of the timber harvest service provided by the contractors, however, it is necessary to include the items to evaluate more efficiently the techniques employed to fell trees.	
REC 2006.08	The organization shall improve the form to evaluate the quality of

	the tree harvest techniques, including items that allow a more efficient techniques to fell trees.
Company´s Actions / Auditor Observations	
Eucatex has elaborated procedures to control the quality of the tree falling activities, monitoring all chainsaw operators, improving the control of quality control of the contractor´s services.	
Status at the End of the Audit	
REC complied	

Background/Justification: Eucatex has areas, such as Fazenda João XXIII that have thick Eucalyptus trees that are remaining from previous interventions and that can be used for several purposes. This timber can be sold to the regional market.	
REC 2006.09	The company shall evaluate the possibility to provide timber for multiple applications in Salto region, mainly from the sectors in which there are trees remaining from Fazenda João XXIII to supply timber to the regional market (P5C2i1).
Company´s Actions / Auditor Observations	
The company has assessed this issued and considered that it is not viable because the company in not self sufficient in timber. For example, Salto unit will acquired from the market approximately 70% of the volume estimated for consumption next year. On the other hand, the diameter limit to be used at the mill is more than 30 cm, and above this measurement, they are sold to the local market.	
Status at the End of the Audit	
REC complied	

Background/Justification: The adoption of techniques and procedures to reduce the quantity of chemical products employed at the forest activities is one if the FSC requirements. Therefore, monitoring the weed-competition is a technique that should be assessed by the company.	
REC 2006.10	The company shall evaluate weed competition, which will reduce significantly herbicide application (P10C7i4).
Company´s Actions / Auditor Observations	
The organization has prepared an experiment in partnership with a company called Equilíbrio and Eucatex has included it in its 2007 work plan and it will be implanted next semester. This recommendation will be closed and verified at the 2008 audit.	
Status at the End of the Audit	
REC Closed	

Background/Justification: Pesticides shall be used adequately and efficiently, and therefore, some techniques may be better than others.	
REC 2006.11	The organization shall change its technology to get rid of ants in big ant hills, especially in the new areas (e.g. pasture), because the use of baits in this case is inefficient.
Company´s Actions / Auditor Observations	
According to the company, it is possible to control big ant hill using baits if the correct technique is employed – according to the volume of land that is revolved by the ants. Eucatex considers that this technique has proved to be efficient.	
Status at the End of the Audit	
REC Closed	

6.1.5. General Observations

Eucatex has demonstrated a good performance to comply with CARs and Recommendations that had been raised during the 10-year recertification process. The company has demonstrated every year an evolution and significant growth in several aspects. The organization keeps in conformance with FSC Principles and Criteria for forest management.

The company shall pay attention to issues such as safety at work and to the control of erosive processes, mainly at the more distant farms. In order to improve the company's performance, some corrective actions and recommendations were raised. See item 2.6.

6.1.6. New CARs and Recommendations

Beside the open CARs, the auditor focused on some items that the company may alter and/or improve its procedures.

Background/Justification: The assessor detected during the audit that it is necessary to provide training/ recycling to management departments and staff to standard the general administration of the activities and the management of the personnel.	
CAR 2007-01	The organization shall arrange course/training to supervisors, foremen, staff leaders (direct employees and contractors).
Reference	Principle FSC P1c1i1; P4c2C
Deadline	2008Audit

Background/Justification: The occupational health program shall include measures to minimize health risks to workers in the program to prevent environmental risks. All service provider companies shall use the same standard program.	
CAR 2007-02	The organization shall adequate both occupation health programs and the program to prevent environmental risks from the service provider companies according to FSC Principe and Criteria, and implant, if necessary, the individual protection equipments and the work procedures.
Reference	FSC P1c1i1, i2 e i3
Deadline	2008Audit

6.1.7. General Conclusion

Based on the observations verified during the 2007 audit – through field assessment, interview and documentation assessment, SCS auditor concluded that Eucatex SA (Salto and Botucatu) have made all the efforts to be in conformance with the certification standards and to comply with all CARs and Recommendations. SCS auditor concluded in this annual audit that Eucatex's Forest Management Plan is in conformance with FSC Principles from 1 to 10, and thus, recommends that Eucatex SA keeps the “well-managed forest” certificate for forest Eucalyptus plantation in Salto and Botucatu region – São Paulo state. The company shall continue the process to close all CARS, though.

6.2 2008 Annual Audit

6.2.1 Assessment Dates

An annual audit was conducted in mid June 2008 in order to evaluate compliance of the open CARs that had been determined in 2007.

6.2.2 Assessment Team

Dr. Marcelo Maisonette Duarte is a biologist graduated at UFRGS. He has more than 20 years of professional experience. He is master in biology at UFRGS. He is doctor in sciences, with emphasis on Ecology and Natural Resources at UFSC.

He is currently coordinator of the Conservation and Management Department of Natural Science Museum, an institute from Zoo botanic Museum from Rio Grande do Sul. He has been a university teacher for more than 15 years and he has worked in several institutes, such as UFRGS, UNISC, FUNDASUL, FACCAT, teaching graduation and post graduation in Ecology; he has taught several graduation, specialization and master courses. He teaches Environmental Management and Social Responsibility and Ecology at FACCAT, where he is also the Environmental Education project coordinator. He is the editor of two scientific periodicals: *Iheringia*, *Série Zoologia* (Qualis A – CAPES) e *Revista Colóquio-FACCAT*.

He has been CONSEMA-RS and CECA-RS adviser for two years. He has coordinated a fauna research group in Rio Grande do Sul. He has coordinated several surveys to elaborate Management Plans for integral preservation units in the southern of Brazil.

Dr. Jarbas Yukio Shimizu is a Forest Engineer graduate of Universidade Federal de Viçosa. He is master if Forestry Sciences at Florida University (USA). He is PHD in Forest Genetics at North Carolina University (USA) and post doctor in Population Genetics at Oregon University (USA). Other trainings include improvements in Forest Germoplasma Conservation and Forest Species Micro Propagation in Japan, Conservation and Use of Phythogenetic Resources in Spain and Environmental Management System Auditor Team Leader intensive course in Brazil.

He has more than 30 years in experience in activities such as Development of Forest Research Project in cooperation with IBDF/PNUD-FAO, and subsequently as a researcher for Embrapa Florestas, where he worked in silvicultural area, improving forest genetics and conservation of forest Germoplasm. He was also the leader of several conservation and genetic improvement projects, where has was the Technical Leader of Forest Research National Institute.

He has also worked as a consultant in silvicultural and forests improvements of fast growing species for official forest research institutes and for forests organizations in Chile, México, Mozambique and Brazil. He has been ministered intensive forest improvement course at Universidade Nacional de Colombia and at Universidade Estadual do Centro-Oeste (UNICENTRO-Campus de Irati), PR. He has also worked as advisor, co-advisor for several thesis exams for several Forest Engineering master and doctor students at Universidade Federal do Paraná.

6.2.3 *The Assessment Process*

Eucatex's annual audit began on the ninth of June 2008. On the first Day, assessor Jarbas Y. Shimizu arranged a meeting with the company's technical staff in Salto headquarters in order to review the audit chronogram for document and field activities assessment. Jarbas Y. Shimizu did the following on this day:

- a) Visitation to Fazenda Conceição, in Salto, to audit the semi-mechanized harvesting activities conducted by a contractor and to interview several of its employees engaged in chainsaw activities.
- b) Visitation to the company Equity Assessores - an accounting and human resources company that provides service to a number of companies, including Eucatex.
- c) The assessor verified the monitoring process of the continuous forestry inventory, the fire incidents, pest outbreaks, social impacts etc.

On the tenth of June, Jarbas Y. Shimizu audited Fazenda Vitória, in Capão Bonito – Alves Filho – a contractor, was harvesting timber and Seagro, another service provider company was engaged in implantation activities (plantation, irrigation with gel and hoe).

On the eleventh of June, auditor Marcelo M. Duarte, who managed to arrive just on the previous night due to logistic problems, made the formal opening of the 2008 audit.

On this same day, Jarbas Y. Shimizu audited:

1. Fazenda Santa Terezinha, in Bofete municipality, where he inspected the activities at the company's seedling nursery. The auditor also visited a project called "Casa da Natureza" (Nature Home) - a project engaged in environmental education for students from the region. The storage area and the genetic improvement program via hybrid generation was also assessed.
2. Fazenda Morrinhos, where Marquesim, a contractor, was engaged in harvesting timber and the auditor had the opportunity to interview the field workers.
3. The control system for implantation, forest maintenance and timber harvest at the mill in Botucatu.

On the eleventh of June, Marcelo M. Duarte began its assessment in the morning; he audited Eucatex's headquarters in Salto, São Paulo state – all the company's environmental documentation, such as maps and sketches of properties, monitoring programs, preventive programs and environmental risks were evaluated. The CARs 2006 (still open) and the CARs 2007 related documents were also audited. Fazenda Santa Luzia (687,9 ha) was assessed in order to verify the road conditions and to assess the results of the procedures that had been adopted by the company to remove Eucalyptus trees from the permanent preservation areas. In the afternoon, a company called Biodentro introduced the flora monitoring that had been carried out by Eucatex (Figure 1). Then, a company called Biodiversa introduced an environmental education program that had been developed by Eucatex, highlighting the works that had been done at 'Casa da Natureza' (Figure 2).

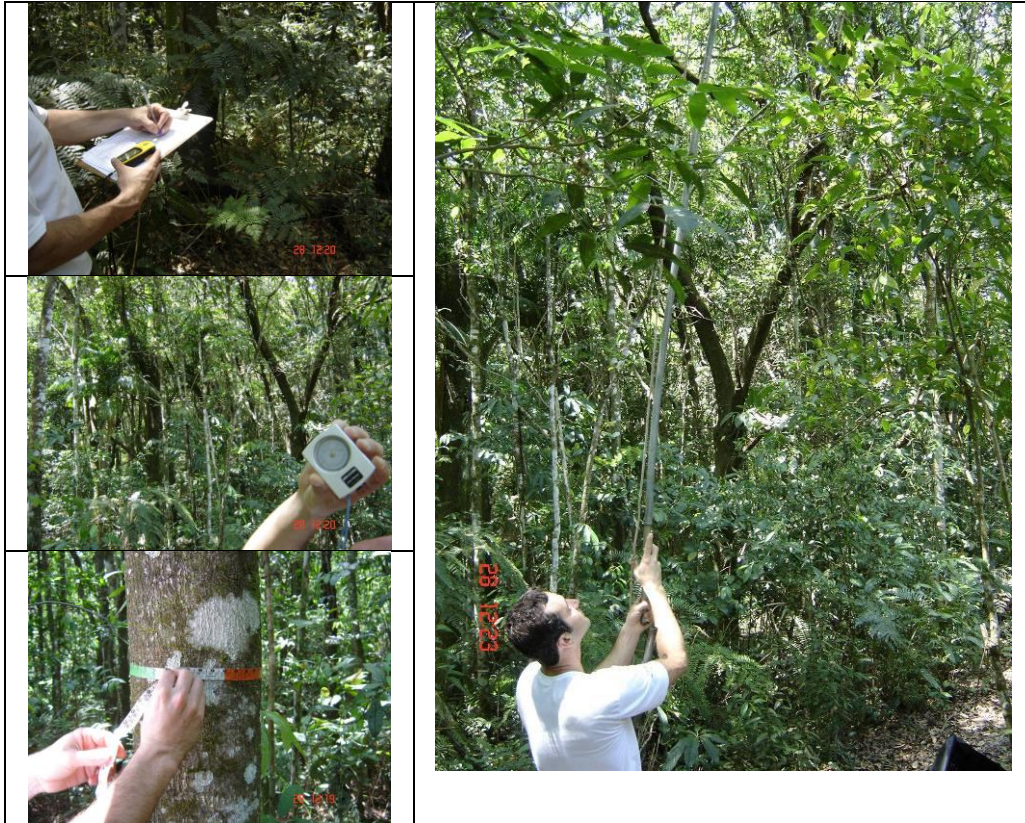


Figure 1. Flora Monitoring Program at Eucatex 's properties

On the twelfth of June, Jarbas Y. Shimizu audited in Itatinga the following sites:

1. Fazenda Santa Adelaide, where he met some workers (chainsaw operators and auxiliaries) engaged in harvesting activities – these employees work for Trans Vieira – a contractor.
2. Fazenda Avaré, where the auditor witnessed herbicide application by a company called JFI Silvicultura, and
3. Fazenda Brumado, to inspect a Eucatex 's local storage of agrochemicals.

On the twelfth of June, auditor Marcelo M. Duarte audited Fazenda Santa Terezinha, in Bofete; he visited 'Cada da Natureza' project and the technological area of the company. At this farm, the auditor visited the new area that has been indicated by the company as High Conservation Value Forest. At Fazenda Santa Fé, the auditor visited the area where the company had been monitoring erosive processes; he was introduced to the results obtained from the program so far.

In the afternoon, doctorship students from USP Sorocaba presented the results of the fauna monitoring program that had been developed by the organization. After that, the auditor continued analyzing the company's documentation, evaluating compliance of CARs 2006/2007 and Recommendations.

Still on the twelfth, both auditors - Marcelo M. Duarte and Jarbas Y. Shimizu gathered to discuss all observations carried out throughout the audit and to analyze the compliance of CARs 2006/2007 and raise new CARs and Recommendations, according to the non-conformities detected.

On the thirteenth of June, the auditors gathered in Salto with the company's technical staff in order to discuss the 2008 audit results, the compliance with CARs 2006/2007 and the new Recommendations.



Figure 2. Eucatex 's Environmental Education Program at Casa da Natureza Project

6.2.4 Status of Corrective Actions Requested (CARs) and Recommendation

Minor CAR 2006-03	Reference: FSC P4c1i1
The company shall introduce at 2007 annual audit strategies to reduce workforce turnover at the service provider companies (contractors) and evidences that demonstrate reduction in the turnover to 25% in 2008 and to 40% in 2009 (P4c1i1). Deadline: 2007 Audit.	
Company 's Measures / Auditor's Observations	
It has been verified at Eucatex and at the service provider Human Resources the results that had been obtained from the great effort to attenuate workforce turnover. Apparently, a good practical level has been reached, which is approximately 6,5 % a month. Information gathered in the registrations and through interviews with the field workers demonstrate that the most dismissals and new workers are contracted during the activities that require less qualification, such as planting operations and maintenance of the forest plantation. There are several reasons have been alleged for that:	
<ol style="list-style-type: none"> 1. Some people are unwilling to follow the service provider company to other counties after the harvesting activity is concluded at the site. They would have to choose between staying far from their families for the duration of the service in another region, and stay close to their family and not move. 2. Some prefer to remain jobless after a year of documented employment because they have unemployment insurance at their disposal. 3. There are some students that program a short period job to obtain resources that enable them continue their studies, and 4. Others. 	
The search for better salaries seems to be one of the main reasons for the workforce	

turnover, both to leave the forest operation services or to return to it after realizing that the safety, welfare and workforce value in other segments are less favorable, even if, at first, the salaries might be more satisfactory.
Therefore, the auditors reached a unanimous opinion that this CAR has been complied, with the reduction of the turnover that has been achieved.

Status at the end of the audit
CAR Complied

CAR 2007-01 | **Reference:** (P1c1i1; P4c2C).
The organization shall provide training/courses to its supervisors, foremen, staff leaders (direct employees and contractors)
Deadline: 30 days

Company´s Measures / Auditor´s Observations
A lecture was held on the twenty-seventh of June, 2007, whose subject was 'Safety at Workplace – A Responsibility of Everybody'. The lecture was conducted by an instructor from the company Zanco Consultores Asociados. The lecture was attended by 74 cooperators – 24 Eucatex´s employees and 49 contractors. Several subjects have been discussed, according to documentation summary.

Status at the end of the audit
CAR Complied

CAR 2007-03 | **Reference:** (P1c1i1, i2 e i3).
The company shall have the service provider company´s adequate their Occupational Medical and Health Control Program and Environmental Risk Prevention Program in conformance with the legislation and FSC criteria, if necessary, it shall adequate the individual protection equipments and the work procedures.
Deadline: 2008 audit.

Company´s Measures / Auditor´s Observations
The company have shown a document to the auditor that had been carried out at the PPR legal documentations in order to detect and correct eventual failures in risk assessment and adequate them to the FSC criteria. At the internal safety commission meeting that was held on the twenty-first of August, a 90-day deadline was given for responses and corrections related to the individual protection equipment. The documentation that has been shown demonstrates that most contractors were in conformance with the requirements. However, some contractors complied partially with the requirements and the deadline was extended to the next audit.

Status at the end of the audit
CAR partially complied – its deadline was extended to the audit (2009).

CAR 2007-03 | **Reference:** (P4c2C)
The organization shall demonstrate evidences at the 2008 audit that integrated safety internal commission meetings were held (Eucatex and Contractors) from June 2007 on. (this replaces Recommendations 2006-05; 2006-06 e 2006-7).

Company´s Measures / Auditor´s Observations
Evidences have been shown at the 12th integrated meeting between Eucatex and Contractors registration book. The meeting was held at Fazenda Santa Luzia.

Status at the end of the audit
CAR Complied

CAR 2007-04 | **Reference:** (P10c2i4)
EUCATEX shall introduce up to March 2008, evidences of incorporation of the flora characteristics of preservation areas to the registration and company´s plan.

Company´s Measures / Auditor´s Observations
A chronogram of the registration program and company´s plan have been shown, demonstrating evidences and incorporated into the digital bank data all flora-related information from every property.

Status at the end of the audit
CAR Complied

CAR 2007-05	Reference: (P6c5i1)
The company shall define mechanisms to detect erosive problems at the farther farms (e.g. Fazenda Vitória), in a way that they do not increase significantly until the scheduled maintenance periods.	
Company´s Measures / Auditor´s Observations	
The company has developed a series of procedures that involve safety guards and other employees that remain at these farms throughout the year, and they make a preventive monitoring of such erosive processes, preventing that they become more significant before the scheduled maintenance period	
Status at the end of the audit	
CAR Complied	

Recommendations

REC 2007-01	Reference:
The company shall request AUSCO to adequate the frontal part of the pants that are worn during herbicide application in order to increase the impermeability area above the knees.	
Company´s Measures / Auditor´s Observations	
The company has adopted a canvas pants that is worn over the usual pants. This garment is worn mainly in the morning, when dew makes the pants more exposed to moisture.	
Status at the end of the audit	
Recommendation Complied	

REC 2007-02	Reference:
The company shall improve the vocoroca (sudden lapse of land) with information exchange with other forestry companies that had already implanted these procedures.	
Ações da Empresa/Observações do Auditor	
The vocoroca monitoring have been improved; an example of it is the work that has been developed at Fazenda Santa Luzia, where a big crater is being recovered (Figure 03), through moving the roads backwards, deviation of water to inside the Eucalyptus and native species seedling plantations.	
Status at the end of the audit	
Recommendation Complied	



Figure 03. Voçoroca at Fazenda Santa Luzia. At the first plane, the limitation of the road whose drainage was converted to the plantation area.

6.2.4 General Observations

Eucatex has received since its recertification in 2001 to 2004 audit twenty-four CARs; twenty-three corrective actions have been closed. In general, there has been an evolution in the company's performance since the contractor's agreement in April 2003. The company has managed to restructure and it is increasing its forestry activities, according to a chronogram that includes the plantation of 5.000 ha in 2005 – 4.000 ha in the company's own forests; it is necessary more 1.000 ha that will be rented. Thus, Eucatex has been seeking land for its expansion; Eucatex has been recommended that the organization should take precautionary measures to prevent increase its environmental passive.

For the process of registration of the conservation areas, such project has not been finalized yet. The chronogram that had been presented previously proved to be invalid and its evolution will be followed at the next assessments. The project to recover the preservation area is still under way. This activity shall be conducted taking into account the function of such areas, according to the results obtained from the fauna and flora monitoring program.

The 2008 audit included in its scope the verification of FSC Standards for Planted Forests, and after assessment, new CARs and Recommendation were raised to ensure that until 2009 annual audit, Eucatex's forest plantations are in conformance with FSC Principle and Criteria.

6.2.6 New Conditions (Cars) and Recommendations

The auditors have identified some points which the company should alter and /or improve its procedures.

Major CARs

It has been identified at the site some workers with severe hearing deficiency making manual plantation in an environment, where in the sequence, an irrigation team passed in a water tank transported by a tractor. Due to the intense machineries and other vehicles traffic at the area, these workers are exposed to a series of accidents, once they are never accompanied closely by other workers who have perfect hearing conditions.	
CAR (maior) 2008-01	The organization shall introduce procedures to ensure that the field workers that have hearing deficiencies can do their jobs safely.
Referência	Principle FSC: P4.c2C.i11
Deadline	90 days
Status at the end of the audit	
Eucatex has introduced within the 90-day deadline after the closing meeting that marked this audit, procedures that determine the minimal safety conditions to adapt the employees who have hearing disabilities and who work at silviculture activities. These measures are meant to improve the working conditions and preserve their physical integrity.	
CAR Complied	

Eucatex has decided to replace the area that had been defined as High Conservation Value Forest, a 250-hectare areas located at Fazenda João XXIII, in Pilar do Sulk municipality, by an area that is located on Fazenda Santa Terezinha (see figure 4), in Bofete municipality. The reason is that Fazenda João XXIII will be sold, and then, it will be excluded from the certification scope. A preliminary inspection that was held during this audit indicate that the area is apparently well preserved and that it has potential to be consider a High Conservation Value Forest. As Eucatex has more than 10 years of certification, it must give priority to the establishment of High Conservation Value Forest.	
Major CAR	The company has defined the attributes that can characterize the High Conservation

2008-02	Value Forest for the farm located at Fazenda Santa Terezinha. The company has used all sources available.
Reference	Principle FSC: P9.C1;P9C2
Deadline	90 days
Status at the end of the audit:	
Eucatex has introduced within the deadline, a detailed survey about the area and its delimitations (see Figure 5), the general fauna, flora and ecology at the landscape characterization, identifying the following attributes: the degree of importance to the preservation of threaten ecosystem (HCV1); the level of importance for the enhancement of the basic environmental service in critical situations (HCV4); the use of the HCVF at Environmental Program (HCV5).	
CAR Complied	



Eucatex High Conservation Area

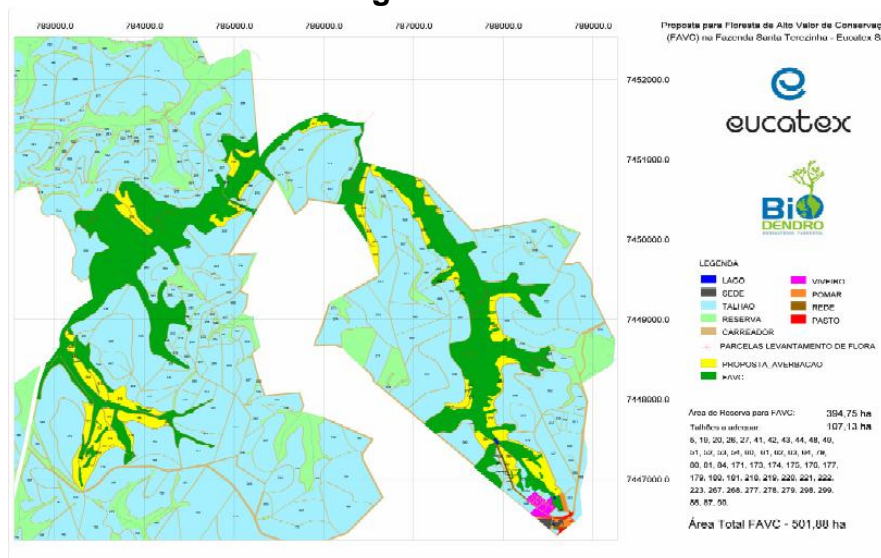


Figure 5. Sketch of the area proposed by Eucatex as High Conservation Value Forest (in dark green) on Fazenda Santa Terezinha, Bofete, SP.

Minor CARs

It has been identified at the field an employee who has severe hearing deficiency. Thos worker was engaged at manual plantation activity at a site, where the irrigation team passed with a water tank transported by a tractor. Due to the constant traffic of this machine and other vehicles in the area, the company has been alerted to the high risky situation for workers who have hearing disabilities because they are deployed of safety devices to compensate this handicap.

CAR 2008-01	The company shall develop procedures to ensure that the field workers that have hearing disabilities can do their jobs safely.
Reference	Principle FSC: P4.c2C.i11
Deadline	2009 Audit

This CAR is related to Major CAR 2008-2: once the attributes are defined, the company shall begin surveys related to the management and preservation of High Conservation Value Forest.

CAR 2008-02	The company shall elaborate a management plan for the Conservation Value Forest. The organization shall also develop protocols and procedures to evaluate the effectiveness of its High Conservation Value Forest management guidance.
Reference	Principle FSC: P9.C3;P9.C4
Deadline	2009 Audit

Timber harvest operation are under development and others that will be carried out in the near future are programmed to take place at the same year adjacent to several drainage basin areas, which increases the potential of adverse impact over the water quality. It is advised that such operations are carried out in groups of small sectors and altered to others from where timber would not be harvested (followed by plantation) on the same year.

CAR 2008-03	The organization shall elaborate a proposal to harvest timber in mosaic pattern in watershed and local drainage ambit to minimize the environmental impacts through the operation in mosaic
Reference	Principle FSC: P10,c2,i2
Deadline	2009 Audit

It was verified during the field audit that, even though there are procedure to eliminate Eucalyptus from the preservation areas – according to state environmental institute – the procedures have not been effective, specially the big Eucalyptus trees.

CAR 2008-04	The organization shall reevaluate the procedures to ensure more efficiency to remove the Eucalyptus trees, mainly the big Eucalyptus trees that are in the permanent preservation areas
Reference	Principle FSC: P1.c1.i4
Deadline	2009 Audit

Several chemical and organic products are used at the seedling nursery, such as fertilizers. The exceeding water from the application of these products, from irrigation, and from natural flow (rain water) at the seedling nursery normally has several substances and chemical elements in it than the water in its natural condition. To minimize the impacts of these products over the water courses, the company has installed a channel and filter system for all effluents before they are discharged into the river. The control of the effect of these effluents over the water quality is made through constant chemical analysis of the water that is sampled before and after the discharge point in the river. However, phosphorus content is not among the items mentioned – this substance has direct influence in micro organism, algae and plants proliferation. Other parameters that are important for the water quality are BDO and OD and they are missing from the company 's controls.

CAR 2008-05	The organization shall incorporate the determination of phosphorus, DBO and OD content, according to CONAMA 357/05 Resolution in its periodic chemical analysis of the seedling nursery effluents. Samples shall be taken in three points: <ol style="list-style-type: none"> 1. In the effluent that is being discharged; 2. In a point 10 cm above; 3. In a point 10 cm below the point the effluent is discharged in the river.
Reference	Principle FSC: P10,c7,i1
Deadline	2009 Audit

Recommendation

One of the main reasons for the work force turnover at the service provider companies (contractors) is the expectation for better work conditions in similar companies. Therefore, one way to retain the work for more time at the same job is that Eucatex, in cooperation with the service provider companies, offer structure and implant a program to provide educational, cultural and other improvements in welfare beside the wages that are being paid – which may contribute that the job at Eucatex, through the service provider companies become more attractive than other companies.	
REC 2008-01	The organization shall elaborate a proposal to improve the social welfare of its employees and the people that depend on them, including Eucatex´s and service provider companies employees so that it is possible that the link with the company becomes longer.
Reference	Principle FSC: P4,c1,i2 – P4,c4,i1 – P4,c9.i3 – P4,c11.i1 - P4,c11.i2
Deadline	2009 Audit

The company has demonstrated that it has very interesting fauna, flora and environmental educational programs. However, these programs are not integrated, and they are developed by a distinct group of professionals. It is necessary, if possible, using the same professional staff, work in a more integrated manner, developing a single environmental program for the company.	
REC 2008-02	The organization shall integrate the current fauna, flora and environmental programs into a single program, so that, even if they are conducted by different advisers, it is possible to have more integration in terms of plan, execution, and evaluation of the results.
Reference	Princípio FSC: P6.c1.i1;P6.c1.i4
Deadline	2009 Audit

6.2.7 General Conclusion

Based on the observations that had been verified during the audit that was conducted in June 2008, through field visitations, interview and review of documentation, SCS assessors concluded that Eucatex – Salto and Botucatu region, have made significant efforts to comply with the certification standards and with the CARs and Recommendations.

Therefore, SCS staff has concluded at this annual assessment that the company´s management plan is in conformance with FSC Principles from 1 to 10. The assessment team recommends that Eucatex SA keeps the ‘well-managed’ forest certificate for its planted forests in Salto and Botucatu region, in São Paulo state; the organization must commit to comply with the CARs and Recommendations, though.

7.0 Summary of SCS Complaint Investigation Procedure

The following is a summary of the SCS Complaint Investigation Procedure, the full version of the procedure is available from SCS upon request. The SCS Complaint Investigation Procedure is designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

The SCS Complaint Investigation Procedure is a first-stage forum and mechanism for hopefully resolving issues, thereby avoiding the need to involve the FSC. A complaint may come from either clients (e.g., forestland owner, mill owners, manufacturer or retailer, brokers) or from other parties such as interested stakeholders. To have standing

under this Procedure, complaints must be in writing, accompanied by supporting evidence, and submitted within 30 days of the date in which the action triggering the complaint occurred.

The written complaint must:

- Identify and provide contact information for the complainant
- Clearly identify the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate a FSC requirement, being as specific as possible with respect to the applicable FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant, rectify the matter.

Written complaints should be submitted to:

Dr. Robert J. Hrubes
Senior Vice-President
Scientific Certification Systems
2000 Powell Street, Suite 1350
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.