

**FOREST PLANTATION MANAGEMENT AND STUMP-TO-FOREST  
GATE CHAIN-OF-CUSTODY PARTIAL CERTIFICATION  
EVALUATION REPORT FOR:**

**LWARCEL CELULOSE and PAPEL**

**IN THE REGION OF LENCOIS PAULISTA – SAO PAULO STATE  
BRAZIL**

**CONDUCTED UNDER THE AUSPICES OF THE FSC  
AND SCS FOREST CONSERVATION PROGRAM**

**Certification program accredited by FSC**

**Certification registration number  
SCS-FM/COC-00093P**

**SUBMITTED TO**

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**BY**

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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](http://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**

The partial Certification process of LWARCEL Celulose and Papel LTDA forest management, in the region of Lencois Paulista in the Sao Paulo State, Brazil, covering a total area of **24.825** hectares, being the eucalyptus planted areas of **17.114** hectares and conservation areas **5.177** hectares.

## FOREWORD

SCS -Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by LWARCEL Celulose and Papel LTDA. to conduct a certification evaluation of its forests plantations, located in the region of Lencois Paulista in the Sao Paulo State, Brazil,. 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 8.0 – of May 2003), can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace

In November/December 2005, 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 certification 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 certification.

This report is issued in support of its recommendation to award FSC-endorsed the certification for the LWARCEL CELULOSE and PAPEL LTDA forest plantation management in the Sao Paulo State, Brazil. Like it is detailed following, some non conformities (also known like as major CAR's) were defined by the evaluation team after the field audit and delivered to LWARCEL who totally accomplished by the company prior to finalization of this report, like it was verified by SCS. In the event that the certificate is awarded, Scientific Certification Systems will post this public summary of the report on its website [www.scscertified.com](http://www.scscertified.com)

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## SECTION A – PUBLIC SUMMARY & BACKGROUND INFORMATION

### 1.0 GENERAL INFORMATION

#### 1.1 – FSC DATA REQUEST

<b>Company</b>	<b>LWARCEL CELULOSE and PAPEL LTDA.</b>	
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WEB	<a href="http://www.lwart.com.br/lwarcel.asp">www.lwart.com.br/lwarcel.asp</a>	
Certification type	Multiple farms (FMU),but only one Management Plan	
FMU number	45	
FMU evaluated with less than 100 ha of area	06	
From 100 to 1.000 ha of area	30	
From 1.000 to 10.000 ha of area	09	
Over than 10.000 ha of area	00	
Geographic Coordinates of the certified farms	Lat 22°11'15" S	Lat 22°36'36" S
Latitude		
Longitude	Long 49°18'45" W	Long 48°41'24" W
Forest region	Subtropical	
Total Forest area included in the FMU	24.825 ha	
UIT With less than 100 ha of area	409 ha	
From 100 to 1.000 ha of area	11.207 ha	
From 1.000 to 10.000 ha of area	13.209 ha	
Over than 10.000 ha of area	00	
Land tenure	Particular (100%)	
Number of Forest workers including third part workers that act in the certificate area	117 own workers and 531 third part workers	
Forest protection area protected from the harvest activities, and managed with priority	5.177 ha	

for conservation	
Forest area defined like high conservation Forest	N/A
List of High conservation values	
Productive Forest area	17.114 ha
Productive Forest area classified like “plantation” for the Annual Accreditation Tax (AAF))	17.114 ha
Commercial wood list included in the evaluation ( botanic and usual name)	<i>Eucalyptus – Eucalyptus grandis; Eucalyptus saligna; Eucalyptus urophylla</i> and hybrids.
Authorized harvest approximate	1.227.0000 m3 logs without bark /yr.
Certificate product category list together with FM/COC and therefore can be sold as FSC products	Eucalyptus Logs and timber

## 1.2 FOREST MANAGEMENT CONTEXT

The Plantation Forest Management developed by LWARCEL 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:

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

In the state sphere:

- a. 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.
- b. 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 LWARCEL forests object of this certification are located along the central plateau region of the State of Sao Paulo, in its Central-Western portion. This region comprises a great variety of soil types, including quartzose sands, podzolic soils, and latosols with great variation in texture, depth, and fertility. The climate is subtropical humid, with a dry season in the months of May through July, while January/February are the months with highest precipitation. From a vegetation point of view, the region lies within an ecological tension zone, consisting of the contact between two types of vegetation, including the mesophytic forest and several cerrado physiognomies, such as the arboreal savanna, cerrado forms, and cerrado (thick arboreal or forest savanna). Since both vegetation domains are considered hotspots and are highly endangered, all remnants of natural vegetation, even those in a semi-natural state, are considered important in this region. Among the Conservation Units represented in the region are the Botucatu-Tejupa Environmental Protection Area, and the Bauru Ecological Station. The FMUs are located in the river basins known as Tietê-Jacare, Tietê-Batalha, and Medio Paranapanema.

The field visit allowed to confirm that there are areas in the company's FMUs important for maintaining biological diversity within the context of that region. The fragments of natural vegetation located in the farms provide refuges for animals and plants which, in the past, dominated vast areas of inland Sao Paulo. It is interesting to note that the fauna and flora surveys currently underway are expected to demonstrate the existence of high conservation value areas due to the presence of endangered species; those areas represent the last natural shelters for these species.

### **1.2.2 Socio Economic Context**

The areas where LWARCEL develops its management operations are located in a region that has its historical roots in the expansion of what is known in Brazil as the coffee cycle, during the 19th century, which continued until 1929, a time when the forest cover was extensively cleared. However, the advent of new crops, such as livestock farming, citriculture, and forest plantations, has occurred beginning in the 1960's. In the case of forest plantations, their development is associated with tax incentives granted by the federal government, which were in force until the end of the 1980's. In addition to these crops, in the past decades there has been a tremendous increase in the number of sugarcane plantations and alcohol distillation plants. On the one hand, this has brought a significant economic increase to the region. On the other hand, it has been accompanied by environmental and social problems, since many of these plantations even today still do not respect conservation areas, and use environmentally unsound techniques, notably due to sugarcane fires and effluent treatment. In addition, human workers, which were frequently employed under degrading conditions in the past, are being replaced by increased mechanization, which has brought unemployment to an important part of the population.

At present, the municipalities where LWARCEL maintains forests are classified as having superior mean HDI (Human Development Index) values, that is, on a scale from 0 to 1 they are near 0.8, which is an index value considered desirable by the UNDP. In the region, the municipalities of Lencois Paulista, Aguas de Santa Barbara, Bauru, Botucatu, Piratininga, and Sao Manuel are considered to have high HDI values - i.e., equal to or higher than 0.8. This is mainly due to the fact that the presence of some industries in the municipality increases the mean income of the population. In this respect, the LWARCEL Group itself plays an important contributing role to this scenario. However, rural populations, chiefly, have sought income alternatives which small scale agriculture and livestock farming (traditional activities) cannot provide. Therefore, leaseholding lands for silviculture and for sugarcane plantations have acquired great importance for the region.

### **1.3 FOREST MANAGEMENT OF THE COMPANY**

#### **1.3.1 Soil use**

With regard to areas around LWARCEL, they are, for the most part, large sugarcane, livestock, and forest plantation farms belonging to other companies in this sector. Land tenure is calm and pacific and no significant relationship problems between neighbors and the company can be noted. In the case of sugarcane, cultivation in the Lencois Paulista region has developed notably after the 1970's, because of the Pro-Alcool program, which was aimed at replacing vehicular fossil fuel. The region did not have a developed agriculture due to little soil fertility, and was previously more dedicated to extensive livestock farming and subsistence agriculture, with occasional commercialization of surpluses.

#### **1.3.2 Partial Certification- Areas outside the scope of the certificate**

LWARCEL has not included in the area to be certified properties that are:

- Industrial areas (399 ha)
- An area to be sold (106 ha)
- Areas without landowners or that are the object of precarious possession, without foreseeable solution in the short and medium term (1,643 ha )
- FMUs that underwent partial deforestation after 1994 (928 ha)
- Leased areas that do not have sufficient legal reserve nor a contractual adjustment clause between both to settle the issue (4,688 ha)

In this respect, the areas that have not been included in the certification process do not comply with the certification standards, but are also used for the production of eucalyptus logs for the company. The solutions in the medium and long term is to leasehold new areas or make changes in the leasehold contract containing provisions for the recovery of legal reserves, and the termination of legal demands regarding the ownership of some areas.

Claims made by LWARCEL regarding being FSC certified are specific to their certified plantations. Additionally LWARCEL uses the following systems to ensure that wood harvested from non-certified plantations is appropriately handled as non-certified:

## **C7.0. ORIGIN, FOLLOW UP AND IDENTIFICATION OF FOREST PRODUCTS**

7.1. Risk assessment to contaminate certified products with uncertified ones.

The farms are closed with Eucalyptus plantations, and most part of it is leased. All timber that leaves the farm must have its corresponding invoice, and there is no possibility to contamination of certified timber with uncertified one, and there is no possibility that the origin of the forest sector where the timber was harvested from is unknown.

### **7.2. Description of the log control system.**

Lwarcel has a system that identifies the origin of the timber at farm, project and sector level. After the trees are fallen, they are divided and piled along the sections. A shipping list is filled out at the moment the timber is unloaded, which mentions where the timber had been harvested from. An invoice is issued at the moment the timber leaves the farm for the whole load - the invoice identified the transporter and there is information about the truck, the farm and the sector where the timber had been harvested from. This system is automated and it identifies immediately whether the timber is certified or not. There is no risk of errors.

### **7.3. Chain of Custody Final Point**

For Lwarcel, the certification system ends when the timber arrives at the plant.

### **7.4. Chain of Custody Visual and Final Identification**

There is not any visual identification for the certified timber; the final document is the invoice that mentions both the farm and the sector where the timber came from. The invoices describe the quantity, the forest species and the certification number.

## **1.4 MANAGEMENT PLAN**

### **1.4.1 Management objectives**

LWARCEL management is oriented toward constantly seeking economic results that will ensure the permanence and growth of the business in a sustainable manner. Within this view, results are accompanied by the maximization of positive environmental and social impacts and by the elimination or reduction of possible negative impacts from the company's activities.

In order to achieve these objectives, the company adopts three main strategies: compliance with the law, planning and monitoring, and continuous quality improvement.

### **1.4.2 Forest Composition**

LWARCEL Forest proprieties are shown below, being a part of them included in the certification process:

Areas	PLANTED		INFRA STRUCTURE		Legal reserve + PPA		Total AREA	
	HA	%	HA	%	HA	%	HA	%
Areas included in the certification scope	17.114	68,9	983	4,0	5.177	21	24.825	73
Areas not included in the Certification scope	6.312	49,8	558	4,4	3.590	28	12.679	27
<b>Total</b>	<b>23.426</b>	<b>62,5</b>	<b>1.541</b>	<b>4,1</b>	<b>8.767</b>	<b>23</b>	<b>37.504,</b>	<b>100</b>

The table below shows the soil use for the own and rented forests which are in the certification scope

Areas	PLANTED		INFRA STRUCTURE		RL + APP		TOTAL AREA
	HA	%	HA	%	HA	%	HA
<b>Own Areas</b>	14.794	79,6	847	4,6	2.933	15,8	18.574
<b>Rented Areas</b>	2.320	37,1	136	2,2	2.244	35,9	6.251
<b>Total Area</b>	<b>17.114</b>	<b>68,9</b>	<b>983</b>	<b>4,0</b>	<b>5.177</b>	<b>20,9</b>	<b>24.825</b>

Lwarcel farms, own and rented in the certification process scope, with the respective planted areas per municipality,:

Localization – Municipality o	Effective planted areas (ha)		
	Own land	Rented	Total
SAO MANUEL	-	171,64	171,64
BAURU	-	206,88	206,88
BOTUCATU	-	213,67	213,67
AREALVA	330,92	-	330,92
PRATANIA	431,57	-	431,57
AGUAS DE SANTA BARBARA	881,75	-	881,75
PIRATININGA	580,59	427,24	1.007,83
LENCOIS PAULISTA	1.030,55	-	1.030,55
CABRALIA PAULISTA	1.117,85	67,07	1.184,92
AGUDOS	974,95	336,04	1.310,99
PAULISTANIA	1.193,04	623,17	1.816,21
IARAS	2.431,40	-	2.431,40
AVAI	2.659,69	-	2.659,69
BOREBI	3.161,22	274,60	3.435,82
<b>TOTAL</b>	<b>14.794</b>	<b>2.320</b>	<b>17.114</b>

On appendix 8 is a map with al the Lwarcel areas.

### 1.4.3 Sivicultural System

The silvicultural system adopted by LWARCEL is monocyclic, with uniform ages in each stand; clear cuts are made at certain ages according to site, seeking the maximization of timber volumes produced. In the present case, the age for cutting is 6.5 years or somewhere between 6 and 7 years, with a predicted yield of 45 m<sup>3</sup>/ha/year.

#### 1.4.4 Management System

The LWARCEL's forest management system was developed with the two-fold objective of ensuring the high productivity of forests and the preservation of the productive potential of soils, protecting them against erosion and depletion.

Plantings are made with a predicted seven-year rotation, and may vary between six and eight years, depending on the optimization of the plan designed to supply the factory and on forest growth conditions. After the first cutting, the plantations can be managed using the coppice system (periodical cutting of shoots) or can be reformed, depending on an analysis based on technical and economic criteria, as specified in the procedure known as *REFORMATION OR REGENERATION DECISION*.

Therefore, LWARCEL has made efforts to promote the technological enhancement and, consequently, the continuous improvement of its forests in the areas of genetic breeding, management system, soil conservation, and control of pests and diseases.

##### FOREST GENETIC BREEDING

By using genetic breeding technology, the company seeks to:

- obtain individuals and/ or populations adapted to the region's soil and climate conditions;
- increase the resistance to pests and diseases;
- improve forest productivity - timber and cellulose volume per hectare;
- improve timber quality - wood basic density and cellulose yield;
- maintain genetic variability, thus ensuring the continuity of the selection program.

##### SOIL CONSERVATION

The reduced tillage technique is employed to plant the eucalyptus seedlings. This reduces interference in the soil, avoiding soil structure changes and excessive exposure to extreme weather, thus minimizing water evaporation, erosion processes, and organic matter mineralization. The harvest residues represented by leaves and tree bark are left in the field in order to additionally protect and enrich the soil. The use of contour farming and subsoiling control are other measures aimed at minimizing soil erosion hazards in cultivation areas. In the same way, the *CONSTRUCTION AND MAINTENANCE OF ROADS AND FIRE LINES* procedure establishes construction criteria whose objective is to minimize the impact of the road network on soil conservation, by minimizing the risk of erosion. The presence of erosion is continually monitored in all of the company's farms and, if erosion is detected in cultivation or circulation areas, recovery measures are implemented as defined in the *RECOVERY OF DEGRADED AREAS* procedure.

## NUTRIENT MONITORING

Fertilization and the application of soil correction products are used by LWARCEL to provide an optimal nutrition condition for the eucalyptus populations, so as to guarantee the productivity of forests, as well as to ensure the perpetuation of the productive capacity of the lands.

## CONTROL OF PESTS AND DISEASES

LWARCEL's integrated pest and disease management plan is aimed to implement monitoring and control methods that contribute to minimize the impacts of pests and diseases on the productivity and quality of the production of seedlings (nursery) and timber (plantations).

## COOPERATIVE PROJECTS

Many of the programs and actions developed by LWARCEL in the field of *Forestry Technology* rely on the participation of universities, research institutions, and other companies in the forestry industry. A list of all cooperative projects performed is available.

## FOREST PLANNING

Using a forest planning process, LWARCEL rationalizes the exploiting activities in its lands and forests, ensuring, based on current and future demand, the regulation of timber supplies for the cellulose mill and the maintenance of conditions that will determine, in the long run, the economic viability and environmental sustainability of the venture.

## STRATEGIC PLANNING

*Long Term Planning* constitutes the strategic step of LWARCEL's forestry venture planning process. Annual predictions for a 14-year period are made in the long term planning.

## OPERATIONAL PLANNING

Annually, the *Long Term Planning* forecasts relative to the following year are broken down and presented in detail in the silviculture and harvest annual plans, whose preparation constitutes LWARCEL's forest planning operational step

## ENVIRONMENTAL MANAGEMENT

The lines of action to achieve the proposed objectives are:

- conservation of ecosystems;
- management of environmental impacts;
- management of residues and dangerous products; and
- optimization of operational activities (quality, technological innovation, reduction of environmental impacts).

## ECOSYSTEMS CONSERVATION MULTI-ANNUAL PROGRAM

Based on a diagnostic of the environmental condition of LWARCEL'S management units (own and leased), made through a characterization of floristic and faunistic components, it was verified that the company's areas are located in a region whose occupation history has caused a significant alteration of the primitive landscape due to anthropic action, especially by agriculture and livestock farming.

In this respect, the *Ecosystems Conservation Multi-annual Program* is intended to ensure the conservation of remaining natural environments in the management units, as well as to support policies and guidelines for the conservation of natural resources.

To achieve this, seven subprograms have been defined, as follows:

- Characterization of Reserves (Fauna and Flora Components);
- Adjustment of Reserve Mappings;
- Phytosociological Survey of Reserves;
- Characterization and Monitoring of the Bird and Mammal Faunas;
- Survey of Potential Legal Reserve and Ecological Corridor Areas;
- Management Units Surveillance; and

Educational and Road Signs

#### MULTI-ANNUAL RECOVERY PROGRAM FOR LEGAL RESERVE AND PERMANENT PRESERVATION AREAS

Based on this, the company has outlined 3 subprograms to be implemented, as follows:

- Registration of Legal Reserve Areas;
- Recovery of PPAs and LRs; and
- Monitoring of *Pinus* and *Eucalyptus* Regeneration in Native Areas.

#### MANAGEMENT OF RESIDUES

This is a program based on the implementation of selective collection, storage, and final destination of residues generated and/or found in management units.

#### MANAGEMENT OF ENVIRONMENTAL IMPACTS

The Environmental Impacts Management Program is divided into 3 subprograms, as follows:

- Identification and Analysis of Impacts;
- Impacts Monitoring; and
- Recovery of Areas Degraded by Erosion

#### MANAGEMENT OF DANGEROUS PRODUCTS

Operations in which hazardous products are used (fuels, pesticides, chemical products, among others) have been identified as having high potential impact on the environment. In this regard, LWARCEL has established a set of technical, environmental, and safety guidelines for the use of chemical products and the handling and storage of fuel in work fronts.

#### SOCIAL MANAGEMENT

The company's main policy with regard to the management of social aspects associated with its venture is to avoid damage to local communities, their culture and their environment, seeking at the same time to provide social advantages through the generation of jobs, benefits and taxes. In addition, the company invests in social projects whose final objective is to contribute toward the improvement of the life quality of

internal (own and outsourced employees) and external players (especially residents of communities in the areas of influence)

## MANAGEMENT OF SOCIAL IMPACTS

The management of social impacts is a permanent process for the identification, assessment, planning, and monitoring of changes in the social environment resulting from its activities. These changes are perceived or measured by the strategic social players associated with the venture. The first step for the systematization of the impacts management process was a wide survey, conducted in 2005, on perception and image, in which several groups of players, both internal and external, were heard: own and outsourced employees, members of communities in the area of influence, litigants, sponsored producers, and owners of lands leased by the company. The results of this survey, which globally shows that most people interviewed have a good image of LWARCEL, are being analyzed and will be used to plan social investment and social dialogue activities.

## SOCIAL INVESTMENTS

A list is available of all projects and actions conducted or supported by LWARCEL that represent social investments made by the company, construed as the application of resources with the objective of benefiting social players associated with the undertaking, especially own and outsourced employees and residents of communities in the areas of influence of the venture

## SOCIAL DIALOGUE

The social dialogue process is based on the planning, execution, and monitoring of actions intended to bring the company closer to the strategic players involved in the undertaking, and to promote the involvement and participation of these players in certain aspects of it. Participation in forest fire prevention and surveillance activities is an example of closeness between the company and internal and external players, encouraged through the social dialogue process.

### 1.4.5 Monitoring System

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

- Nutritional Monitoring of eucalyptus plantations
- Operational Controls
- Mean Annual Increment
- Quality Control, Nursery, Silviculture, and Harvest
- Forest Fires
- Meteorological Control
- 5S Audit
- Monitoring of effluents from the nursery
- Monitoring of pests and diseases: nursery and forests
- Control of use of chemicals

- Control of chemical packagings
- Ant monitoring
- Work Safety Audit: own and service provider personnel?
- HR Audit in Work Fronts: Fulfillment of labor and tax laws by service providing companies hired.
- Labor turnover.
- Expansion, in hectares annually, of conservation areas.

#### 1.4.6 Maximum sustainable production estimate

Below is presented a prognosis table for the wood necessity to produce pulp to supply the mill, the annual harvest area, minimum planted or renovated to be performed and total eucalyptus area required .

ITEN	2005	2006	2007	2008	2009	2010	2011	2012
Pulp Production (mil ton)	152	203	212	214	220	220	220	220
Wood Production for pulp (mil st without bark)	851	1.227	1.283	1.292	1.331	1.331	1.331	1.331
Harvest area (ha)	2.585	3.176	3.849	2.937	3.576	3.534	3.632	3.605
Silviculture Renovation/implantation (ha)	3.682	3.236	4.112	3.218	3.469	3.519	3.053	1.898
Effective planted area (own and partnership) (ha)	24.229	25.369	26.159	27.249	28.439	28.739	28.839	28.839

#### 1.4.7 Chemical Pesticide Use

The table below presents the pesticides utilized by LWARCEL in its plantation forests and nursery. As it is verified , all of the pesticide respect the FSC limitations of pesticides use rules.

Exists detailed procedures for the use of each product, and they also foreseen the incorporation of new products, and describes for the silviculture practices, and where is describe the prohibition of use, including test, of pesticides which has in its formula chemical products forbidden by the FSC.

The chemicals are all used in controlled applications. All the workers in this activity are trained for the activity and use the corresponding safety equipment. All applications are carried out in a way to reduce risk for workers health and to the environment.

**Table : Pesticides used at the nursery of LWARCEL**

<i>Commercial Name</i>	<i>Active Principle</i>	<i>Dosage used</i>	<i>Toxicological Class</i>	<i>Action</i>
Ópera	Epoxiconazole + Pyraclostrobin	2,5 ml/L	II - High Toxic	Fungicide

Opus	Epoxiconazole	1,5 ml/L	III - Medium Toxic	Fungicide
Folicur 200 CE	Tebuconazole	2,0 ml/L	III - Medium Toxic	Fungicide
Bayfidan CE	Triadimenol	2,0 ml/L	II - High Toxic	Fungicide
Domark 100 CE	Tetraconazole	1,0 ml/L	II - High Toxic	Fungicide
Orthocide	Captan	2,4 g/L	III - Medium Toxic	Fungicide
Vitavax Thiram 200 SC	Carboxina+Tiram	3,0 ml/L	IV - Low Toxic	Fungicide
Sumilex	Procimidone	1,5 ml/L	II - High Toxic	Fungicide
Rovral SC	Iprodione	2,4 ml/L	IV - Low Toxic	Fungicide
Decis 25 CE	Deltametrina	1,0 ml/L	III - Medium Toxic	Insecticide
Orthene 750 BR	Acephate	2,0 g/L	IV - Low Toxic	Insecticide
Confidor 700 WG	Imidacloprido	1,5 g/L	IV - Low Toxic	Insecticide
Tedion 80	Tetraditona	3,0 ml/L	I - Extremely Toxic	Acaricida
Cascade 100	Flufenoxuron	1,0 ml/L	I - Extremely Toxic	Insecticide
Roundup NA Herbicida	Glifosate	3,0 a 4,0 L/ha	IV - Low Toxic	Herbicide Pos emergent
Pachlobutrazol 100 CE	Pachlobutrazol	2,0 ml/cm	I - Extremely Toxic	Growth Regulator

**Table : Pesticides used on the plantation of LWARCEL**

<b>Commercial Name</b>	<b>Active Principle</b>	<b>Dosage used</b>	<b>Used Concentration</b>	<b>Toxicological Class</b>	<b>Action</b>
K-Othrine 2P NA	Deltamethrin	Procedures	Procedures	IV - Low Toxic	Ant control
Dinagro-s NA	Sulfluramida	Procedures	Procedures	IV - Low Toxic	Ant control
Atta Mex-S	Sulfluramida	Procedures	Procedures	IV - Low Toxic	Ant control
Mirex-S Max NA	Sulfluramida	Procedures	Procedures	IV - Low Toxic	Ant control
Lakree Fogging	Clorpirifós	Procedures	-	III - Medium Toxic	Ant control
Roundup NA	Glifosate	3,0 a 4,0 L/ha	2,0 a 4,0%	IV - Low Toxic	Herbicide Pos emergent
Scout NA	Glifosate	1,0 a 2,0 Kg/ha	1,0 a 2,0%	IV - Low Toxic	Herbicide Pos emergent
Fordor 750 WG	Isoxaflutol	50 gr/ha	0,06%	III - Medium Toxic	Herbicide Pre emergent

## 2.0 STANDARD USED IN THE EVALUATION PROCESS

The standards used in the certification process of LWARCEL 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 8.0 of May 2003). They can be found at the FSC website: [www.fsc.org.br](http://www.fsc.org.br)

## 3.0 THE CERTIFICATION ASSESSMENT PROCESS

### 3.1 ASSESSMENT DATES

- Public meeting November 16, 2005
- Field audit November 28 to December 02, 2005

### 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.

**Dr. Jose Salatiel Rodrigues Pires**, ecologist, Ph.D. in Ecology and Natural Resources. Dr. Salatiel received his degree in Ecology from the Universidade Estadual Paulista (UNESP) Rio Claro campus, SP. He has a Masters in Limnology and a Doctorate in Planning and Environmental Conservation from the Graduate Program in Ecology and Natural Resources of the Universidade Federal de Sao Carlos (UFSCar). Currently, he is Adjunct Professor and Coordinator of the Environmental Planning and Analysis Laboratory at UFSCar in addition to being consultant in various environmental projects. He was consultant with the United National Program for Development (UNDP/World Bank) for projects involving conservation of biodiversity Mato Grosso and Rondonia and development of the Management Plan for the Conservation Unit in Santa Catarina. He was coordinator for the project "List of Threatened Fauna Species in the State of Sao Paulo (UFSCar / State of Sao Paulo Environmental Secretary). He is a consultant and member of the Advisory Committee of the Pilot Program for the Protection of Tropical Forests of Brazil - PPG-7, Directed Research Project section - PPD (MCT/CCE) in the Subprogram for Science and Technology, with activities being the selection, evaluation and follow-up on environmental projects in the Brazilian Amazon. He was consultant with the Organization of American States (OAS) in the selection of projects for the conservation of the Pantanal Matogrossense (GEF). For the past 20 years, Dr. Salatiel has worked in education and research (Universidade Federal Vicosa and Universidade Federal de Sao Carlos) while working in consulting projects for state agencies, non-governmental organization and consulting companies such as Engevix and ECP. His projects and research involve natural resource conservation, specifically related to the use of Geographic Information Systems for regional and landscape planning and conservation, Analysis of biological indicators for conservation area monitoring, Elaboration and implementation of environmental management systems, and Monitoring and evaluation of the environmental impact of development projects.

**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 Departament 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 and Participacao Popular - GEMAPP/USP).

### **3.2.1 Peer Reviewers**

The reviewers designated “Peer reviewers” are an integral part of the evaluation process described on the SCS Forest Conservation Program and have the goal of providing a critical analysis by neutral specialists about the executed report. The list showed below was chosen in common agreement between SCS and LWARCEL. None of the reviewers have any financial interests with LWARCEL and signed a confidentiality agreement when making their analysis and suggestions as in the appendices

**Dr. Mauro Galetti**, biologist with master in ecology at the UNICAMP - State University of Campinas - SP and PHD and pos doctor in Biology Sciences at the Cambridge University – UK. Actually is professor and researcher at the UNESP – Paulista State University – Rio Claro Campus in the field ecology and wild areas management.

**Dra. Leonor Patricia Cerdeira Morellato**, Graduated in Biology Sciences at the USP - São Paulo University, specialization in Reproductive Biology at the Massachusetts University, US, with master and PHD in ecology at the UNICAMP - State University of Campinas - SP, and pos doctor at the California at Davis University, US. Actually is professor at UNESP – Paulista State University, at the Biosciences Institute in Rio Claro.

The evaluation team carefully considered the comments provided by the two reviewers and made changes, as deemed appropriate, in response to those comments. The peer review comments are the personal professional opinions of the three experts that submitted comments and do not constitute the opinions or positions of the organizations within whom they are employed

### **3.3 EVALUATION PROCESS**

The LWARCEL evaluation started on 11/16/2005, by means of interviews with representatives of the regional civil society, prior to holding the Public Meeting conducted in the same evening. At the occasion, it was verified that the company's institutional image is relatively neutral for the local population, and no polemic issues were raised, as can be seen from the substance of the public concerns presented in item 3.3.5.3. of this document.

The field audit was performed between 11/28/2005 and 12/02/2005, initially with the opening meeting having the participation of SCS auditors and company representatives,

when the schedule of activities to be followed during the week was prepared. The closing meeting occurred on 12/02, when the pre-conditions or major CARs, as well as some requests to the company and the first list of conditions or CARs were presented.

### 3.3.1 Itinerary

<b>Date</b>	<b>Activities</b>	<b>Region</b>	<b>auditor</b>
11/28/2005	Visit to the FMUs Fazenda Mamedina, Triangulo and Agua Branca	Turvinho	Roberto
	Visit to the FMUs Fazenda Sao Roque, Faz. Sao Sebastiao; Faz. Nova America; Faz. Santa Ester; Faz. Santa Isabel; Faz Ventania; Faz. Bela Manha and Faz. Globo.	Paulistania	Salatiel
	Interview with the Human resources, intern audit department training, work security, social communication and legal department responsible's.	Lencois Paulista	Mario
11/29/2005	Visit to the FMUs Fazenda Lunardelli; Faz. Nova Floresta; Faz. Limeira; Faz. Sossego I; Faz. Sossego II; Faz. Recreio; Faz. Monte Belo and Faz. Sao Luiz II.		Salatiel
	Interview with the third part companies and forest workers to verify the harvest, silviculture and transport operations.	Paulistania, Piratininga, Agudos	Mario
11/30/2005	Visit to the FMUs Fazenda Lagoa Rica, Nova America, Santa Ester, Santa Isabel, Bela Manha, Globo and nursery	Paulistania	Roberto
	Visit to the FMUs: Fazenda Lagoa Rica; Faz. Bom Retiro I; Faz. Bom Retiro II; Faz. Turvinho V; Faz. Capivara II; Faz. Turvinho I; Faz. Turvinho II; Faz. Turvinho III; Faz. Sao Luiz; Faz. Pereira; Faz. Santa Rita; Faz. Santa Cruz; Faz. Santa Rita; Faz. Turvinho IV; Faz. Santa Filomena; Faz. Agua de Caboclo and Faz. Agau.	Lencois Paulista, Iaras	Salatiel
	Interview with third part companies Verify the pinus harvest and the preservation areas at the Fazenda Mamedina.	Areiopolis and Lencois Paulista	Mario
12/10/2005	Visit to the FMU s Fazenda Sao Joao, Santa Rita II, Cabreuva, Santo Antonio and at Fazenda Mamedina the ecological trail. Presentation of the macro soil planning, Farm vigilance report, quality audits, and 5S, and weed monitoring.	Avai	Roberto
	Visit to the a FMUs Fazenda Monte Alegre; Faz. Sao Jose do Palmital; Faz. Boa Vista; Faz. Mamedina and Ipiranga.	Lencois Paulista, Agudos	Salatiel
	Interview with the MST associates, seated in the neighborhoods of the farm in Iaras. Verify the Eucalyptus planting area rented by Duratex to LWARCEL at the Fazenda Rio Claro.	Iaras and Lencois Paulista	Mario
	Performance evaluation of LWARCEL		Team
12/02/2005	Performance evaluation of LWARCEL and end results presentation		Team

### 3.3.2 Management system evaluation

With regard to social aspects, primary and secondary data were collected, relative to the many representative levels of the local and regional civil society, in addition to public institutions associated with the forestry activity. In the same way, attention was paid with regard to working conditions, including safety, training, transportation, meals, payments, tax collections, and compliance with the law. For this purpose, workers were interviewed at the places where their activities take place, and interviews were also conducted with employees at the offices of service providing companies. Special attention was given to interviews with local leaderships, neighbors to the company, and the population benefiting from the various social programs developed by LWARCEL in the Lencois Paulista region.

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 Reserves. 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, or predatory hunting. 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 note that great effort was made to visit the highest number possible of sampling areas, identifying the “noncompliances” described and discussed ahead.

The areas visited during the field evaluations were selected by auditor Roberto, including those where forestry operations occurred, such as inventory, soil tillage, ant fighting, herbicides application, harvest, skidding, and transport. Other selected areas consisted of those where operations had already been performed, in order to evaluate the resulting impacts

### 3.3.3 Selection evaluated FMU

AUDITOR	FARMS (FMUs)
Roberto	Mamedina, Triangulo, Agua Branca, Lagoa Rica, Nova America, Santa Ester, Santa Isabel, Bela Manha, Globo, Nursery , Sao Joao, Santa Rita II, Cabreuva, Santo Antonio
Mario	Mamedina, Ipiranga, Uniao, Capivara II, Turvinho IV, Santa Rita II
Salatiel	Fazenda Sao Roque, Faz. Sao Sebastiao; Faz. Nova America; Faz. Santa Ester; Faz. Santa Isabel; Faz. Ventania; Faz. Bela Manha; Faz. Globo; Faz. Lunardelli; Faz. Nova Floresta; Faz. Limeira; Faz. Sossego I; Faz. Sossego II; Faz. Recreio; Faz. Monte Belo, Faz. Sao Luiz II; Faz. Lagoa Rica; Faz. Bom Retiro I; Faz. Bom Retiro II; Faz. Turvinho V; Faz. Capivara II; Faz. Turvinho I; Faz. Turvinho II; Faz. Turvinho III; Faz. Sao Luiz; Faz. Pereira; Faz. Santa Rita; Faz. Santa Cruz; Faz. Santa Rita; Faz. Turvinho IV; Faz. Santa Filomena; Faz. Agua de Caboclo; Faz. Agau; Faz. Monte Alegre; Faz. Sao Jose do Palmital; Faz. Boa Vista; Faz. Mamedina and Ipiranga.

### 3.3.4 Sites 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 LWARCEL.

FARMS (FMUs)	MOTIVE
Agau	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Agua Branca	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation. Rented area with a god spot of native savannah.
Agua de Caboclo	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Bela Manha	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Boa Vista	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Bom Retiro I and II	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Cabreuva,	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Capivara II	Evaluate the situation of samples of conservation areas, forest roads and new plantation with herbicides application. Interview MST member's placed on the neighbor area.
Globo	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Ipiranga	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Lagoa Rica	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Limeira	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Lunardelli	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Mamedina	Pinus Logging and Skidding activities for change with eucalyptus, and waste collection. Eucalyptus harvest. Industrial mud application in planted areas. Evaluate the situation of samples of conservation areas, forest roads. Visit to the ecological trail.
Monte Alegre	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Monte Belo	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Nova America,	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Nova Floresta	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Pereira	Evaluate the situation of samples of conservation areas, forest roads and

	plantation conservation.
Recreio	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Santa Cruz	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Santa Ester	Evaluate the mechanized herbicide application. Withdraw of pinus in PPAs., the situation of samples of conservation areas, forest roads and plantation conservation.
Santa Filomena	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Santa Isabel,	Evaluate the eucalyptus harvest, soil conservation, the situation of samples of conservation areas, forest roads and plantation conservation.
Santa Rita I and II	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Santo Antonio	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Sao Joao	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation
Sao Luiz I and II	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Sao Roque	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Sao Sebastiao	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Sossego I and II	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Triangulo	Herbicide application, native species plantation, inappropriate use with clandestine bee culture and evaluate the situation of conservation areas and roads.
Turvinho I / II / III / IV and V	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Uniao	Harvest skidding and transport of log to the sawn mill and mill. Residue collection, planting, herbicide application, exotic species elimination, road reallocation. Evaluate the situation of samples of conservation areas, forest roads and plantation conservation. Interview with forest workers.
Ventania	Evaluate the situation of samples of conservation areas, forest roads and plantation conservation.
Nursery	Evaluate the seedling production , and the monitoring realized, the work conditions and the pesticides storing . The company's genetic improvement program

### 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 as Lencois Paulista, Bauru, Agudos and Iaras. 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 LWARCEL. 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 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 19 organizations answered regarding to the evaluation per email, phone contact and personal interviews (see item 3.3.5.1 the synopsis of the comments). Adding the public meetings a total of 105 participants were identificated. At the total for 88 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 Consultation for LWARCEL Celulose and Papel**

#### REUNIAO PUBLICA

#### **Certificacao Florestal (FSC) das Areas de Manejo de Plantacoes Florestais na regio de Lencois Paulista (SP)**

#### LWARCEL Celulose and Papel

A SCS – Scientific Certification Systems ([www.scs-certified.com](http://www.scs-certified.com)) – entidade credenciada pelo FSC (Forest Stewardship Council – Conselho de Manejo Florestal) para a Certificacao Florestal, convida a V. Sa. para a **Reuniao Publica**, que marca o inicio da auditoria de campo do processo de **Certificacao FSC**, requerida junto a esta instituicao pela **LWARCEL Celulose and Papel**. As fazendas a serem avaliadas distribuem-se em terras proprias and arrendadas em 15 municipios na regio de Lencois Paulista, no Estado de Sao Paulo. As plantacoes situam-se nos municipios de Aguas de Santa Barbara, Agudos, Arealva, Avai, Bauru, Borebi, Botucatu, Cabralia Paulista, Duartina, Iaras, Lencois Paulista, Paulistania, Piratininga, Pratania and Sao Manuel. Nessas localidades, o manejo de plantacoes florestais de *eucalipto* perfaz 30.629,43 ha a serem Certificados, dos quais 19.456,80 ha de efetivo plantio.

A **LWARCEL Celulose and Papel** – criada em 1986 – faz parte do Grupo LWARD and se volta à producao de celulose (para os mercados interno and externo), sendo responsavel pelo abastecimento de cerca de 20% do mercado domestico de celulose. Sua producao estimada and de 150 mil toneladas de celulose branqueada de fibra curta em 2005, havendo previsao de se chegar a 220 mil toneladas em 2007. A area florestal da empresa se consolidou em 1999, quando iniciou a aquisicao de terras para a expansao de suas plantacoes de eucalipto, tendo como preocupacao implantar novas areas somente em locais onde ja havia plantacoes florestais ou pastagens. As areas a serem Certificadas irao abastecer a unidade industrial de Lencois Paulista e, especificamente no setor florestal, gera 648 empregos diretos, subdivididos entre 117 funcionarios proprios and outros 531 de terceiros prestadores de servicos. Os empregos indiretos gerados pelo empreendimento sao estimados em aproximadamente 1600 postos de trabalho. No campo social and de pesquisa, a empresa desenvolve inumeros convênios com instituicoes sociais, universidades and orgaos de pesquisa.

O processo de Certificacao Florestal prevê a participacao popular and da sociedade civil e, para tanto, convidamos a V. Sa. para a **Reuniao Publica**, que ocorrera no dia **16 de Novembro de 2005**, no *Salao Paroquial* da Igreja Nossa Senhora da Piedade (Igreja Matriz), situado na Rua Anita Garibaldi, 946 – Centro – Lencois Paulista, entre as **19h00** and **21h30**.

Salienta-se que a participacao das mais diversas instancias representativas da sociedade civil mostra-se fundamental, visto que a Certificacao Florestal pressupoe o exercicio pleno da cidadania de individuos and instituicoes direta and indiretamente interessados no assunto. Da mesma forma, a requerente devera desenvolver seu manejo florestal em conformidade com os Principios and Critérios do FSC, o qual pressupoe que a empresa deva promover um manejo socialmente justo, ambientalmente adequado and economicamente viavel.

Ressalte-se que essa **Reuniao** sera realizada sem a presenca da empresa and antes de se iniciar o Processo de Avaliacao (a ser realizado entre 16 and 19 de Novembro de 2005). Seu objetivo sera colher sugestoes and preocupacoes que devem balizar os trabalhos da auditoria de campo, que avaliara como se desenvolvem os manejos florestais nos aspectos social, legal, ambiental and economico. Deste modo, sua participacao mostra-se importante, a fim de que todos possam manifestar suas preocupacoes, comentarios, sugestoes, criticas ou apresentar novas evidências que possam ser uteis ao processo and que serao, em sua totalidade, registradas na presenca de todos os participantes.

A Reuniao sera dividida em duas partes:

- a) Exposicao sucinta do processo de Certificacao Florestal segundo os Padroes do FSC (Conselho de Manejo Florestal), ocasio em que os participantes poderao expor suas duvidas remanescentes;
- b) Manifestacao das preocupacoes ou aspectos que os participantes gostariam de ver contemplados nos Processos de Certificacao Florestal da LWARCEL Celulose and Papel.

Caso seja de seu interesse, encontra-se em anexo um **Questionario de Consulta Publica** a ser preenchido por V. Sa., sendo que ele devera ser enviado ao seguinte e-mail: [robertobauch@uol.com.br](mailto: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 **Padroes de Certificacao do FSC para Manejo Florestal em Plantacoes Florestais no Brasil**, esse documento pode ser obtidos no site do FSC ([www.fsc.org.br](http://www.fsc.org.br)), no item “Padroes de Certificacao”, onde and possivel fazer o seu *download* (em formato Word) gratuitamente.

Desta forma, **todos estao convidados** a participar da Reuniao Publica, **independentemente do recebimento formal deste comunicado**. Solicita-se, pois, de V. Sa. a **divulgacao** do evento and do Questionario em anexo às instituicoes and pessoas de seu conhecimento que tenham interesse em participar do processo.

Atenciosamente.

Roberto Bauch  
Mario Kikuchi  
Auditores da SCS

### 3.3.5.2 Model – Questionnaire for Public Consultation of LWARCEL

#### QUESTIONARIO DE CONSULTA PUBLICA

Certificacao Florestal de Plantacoes Florestais (Lencois Paulista – SP)

LWARCEL Celulose and Papel

<b>Nome</b>												
<b>Instituicao</b>												
<b>Endereco p/ Contato</b>												
<b>CEP:</b>							-				<b>E-mail</b>	
<p>1. O(a) sr.(a) conhece a LWARCEL Celulose and Papel?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <span style="margin-left: 200px;"><input type="checkbox"/> Nao</span></p>												
<p>2. O(a) sr.(a) teria algum comentario a fazer a respeito da LWARCEL Celulose and Papel?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <span style="margin-left: 200px;"><input type="checkbox"/> Nao</span></p>												
<p>3. Quais seriam esses comentarios?</p>												
<p>4. O(a) sr.(a) conhece alguma peculiaridade dentro das Areas de Conservacao da LWARCEL and que tenha especial importancia ecologica?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <span style="margin-left: 200px;"><input type="checkbox"/> Nao</span></p>												
<p>5. Quais seriam essas areas (onde se localizam) and quais as caracteristicas que a tornam importante para a conservacao?</p>												
<p>6. Existe algum aspecto na area ambiental que o(a) sr.(a) considera digno de atencao na avaliacao de campo?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <span style="margin-left: 200px;"><input type="checkbox"/> Nao</span></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 atencao na avaliacao de campo?</p> <p style="text-align: center;"><input type="checkbox"/> Sim <span style="margin-left: 200px;"><input type="checkbox"/> Nao</span></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 cidadaos das mais variadas formacoes and interesses, ou representantes de instituicoes representativas da sociedade civil, participar de forma ativa do processo de Certificacao Florestal do FSC. Desta forma, solicita-se que este questionario seja enviado ao seguinte E-mail: <a href="mailto:robertobauch@uol.com.br">robertobauch@uol.com.br</a>. Caso assim o prefira, o questionario pode ser enviado ao seguinte numero 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 observacoes neste questionario nao serao expostas nos documentos atinentes ao Processo de Certificacao.</p> <p>b) A participacao dos interessados nesta Consulta Publica nao implicara co-responsabilidade no Processo de Certificacao.</p>												

### 3.3.5.3 Summary of Stakeholder Concerns and Responses from the Audit Team

11/16/2005 Meeting

#### Social Concerns

- **What are the social benefits offered by LWARCEL? (own and outsourced employees?)**

LWARCEL maintains a Benefits Plan that is offered to its own employees in the form of services, advantages, or conveniences, consisting of: basic food basket, school materials and supplies, health benefit, Recreational Sports Facility, meals, transport, life insurance, Christmas basket, toys, and a profit sharing program (PSP).

With regard to benefits received by outsourced employees, all of them receive a basic food basket, transport, and life insurance, by means of their direct contractors. In addition, approximately 50% of the outsourcing companies also offer their employees a Christmas basket and other benefits.

- **What social programs are supported by LWARCEL?**

Among the various social activities developed by the LWARD Group, of which LWARCEL is a member, the following can be highlighted:

- Economic development:
  - Beekeeping (during the eucalyptus bloom)
  - ADEFILP, by directing recyclable materials to the institution, which provides generation of income.
- Education and training
  - School project, targeted at youth, to indicate professional development alternatives.
  - Social Projects Headquarters, a space for youth association and learning.
  - Leader Training Project, training youth on the concept of citizenship.
  - Resources and materials directed to teaching institutions in the region.
- Health
  - Resources and materials directed to health institutions in the region.
- Culture
  - LWARD Group's Choir Project
  - Batuq&Art Project aimed at youth enrolled in the elementary and middle schools.
  - Sports projects: volleyball, tennis, karate, capoeira, bike and health project, track and field, futsal (five-a-side), institutional events.
- Environment
  - Resources and materials directed to the organization of activities.
- Community support
  - Resources and materials directed to the improvement of the infrastructure of social institutions in the region and actions developed by entities.

## **Economic Concerns**

- **Are there tax incentives currently being enjoyed by the company? What are they? How are they applied?**

Based on the history of creation of LWARCEL and, more specifically of its forest plantations, the company did not enjoy tax incentives for reforestation as many other companies did, since these incentives ceased by the end of the 1980's. Thus, according to information obtained at the company, based on the present tax benefits granted by the government and the current form of taxation applied to LWARCEL, these incentives cannot be used to calculate the tax load. Therefore, the company does not enjoy tax incentives in the forest enterprise

- **What practices are adopted to maintain soil fertility? In particular, what is done with regard to Calcium (Ca)?**

Soil fertility is maintained with the adoption of the following practices by LWARCEL: reduced tillage; leaves, bark, and thin branches are kept on the soil surface after harvesting, thus allowing the cycling of nutrients. These practices contribute to maintain physical and chemical soil aspects.

Supplementary fertilizations are performed by supplying chemical fertilizers based on soil analyses made before the forests are planted. Three to 4 fertilizations are performed during the complete cycle, in order to supply nitrogen, phosphorus, potassium, and micronutrients. Calcium is supplied through the application of corrective material during the soil tillage step and, if needed, an additional application is made depending on the forest demand and on the soil analysis previously performed.

## **Environmental Concerns**

- **What are the conservation area recovery programs like?**

LWARCEL has a Permanent Preservation Area recovery program, in addition to a program for the revitalization of Legal Reserves. The surveys of areas that do not comply with the regulations preconized in the Forestry Code and the establishment of recovery timetables are made through these programs.

- **What precautions are taken to avoid erosion problems?**

According to the Evaluation of Environmental Impacts performed at LWARCEL, the operations with the highest chances of causing erosion problems are:

- construction and maintenance of roads;
- soil tillage.

In order to avoid potential impacts in these operations, the following preventive and/ or mitigating measures are adopted:

In the construction and maintenance of roads, assessments are made for soil type, water resources, and slope of the terrain, in order to minimize surface water runoff and to

direct it properly, since this is the main cause of erosive processes. When needed, contour ridges, infiltration boxes, and water outlets are built to decrease water velocity and minimize erosion risks.

Maintenance operations are performed annually on roads and fire lines using preferentially mechanical mowers. Work that requires a bulldozer and/ or a motor grader is only used in external fire lines and for maintenance of high-traffic roads.

Soil tillage is characterized by the use of the reduced tillage practice performed on contour strips. It is accomplished with a single-tine subsoiler moving the soil at the planting row only, maintaining the rest of the area without interference. In this practice, soil turning is minimal and bark, leaves, and fine branches are maintained on the surface, minimizing the impact of raindrops and reducing erosion risks.

Inspections are performed annually in all of LWARCEL'S areas. The situation of existing erosion processes is monitored, and new problems are identified.

- **What practices are used to prevent the contamination of catchment areas? (surface water and groundwater)**

The main catchment area contamination risk posed by the forest activities performed by LWARCEL occurs with respect to surface waters. Contaminations can be caused by suspended solids, agrochemicals, as well as by oils and fuels.

Contamination by suspended solids, responsible for water turbidity, is minimized with the adoption of some practices, such as contour farming and reduced tillage. In addition, contour ridges, infiltration boxes, and water outlets on the roads are built to decrease the amount of solids carried into water streams.

To prevent contamination by pesticides, LWARCEL uses preferentially granular products instead of liquid ones, in order to cause smaller impacts in case of accidental spills. The mix is never prepared near water streams. In case of product leftovers, the product is stored for the next application. The equipment is never washed near streams, rivers, or lakes to prevent the contamination of water streams. Transport of agrochemicals in general is made in small quantities, reducing the risk of contamination in case of accidents. In rainy or windy days, no application of chemical products is performed to avoid product transportation or drift into water streams.

In order to avoid contamination by oils and/ or fuels, these are transported and stored according to legal requirements. In case of leakage, the material is collected together with the contaminated soil.

Water quality is monitored in the management units to evaluate the impacts caused by silvicultural activities.

### **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 LWARCEL the team reviewed all documents sent, and reading took 36 hours to be completed. Team members also had to travel from their home towns to the company, totaling 17 traveling hours, and a 13-day field audit was carried out, amounting to a total of 80- hours. In addition, 06 hours were spent to define the interested parties and to send the invitation and the questionnaire. A total of 172 hours were spent

(hours)

	Roberto	Salatiel	Mario
Public Meetings	3		3
Displacement (trip )	4	6	7
Documentation	12	12	12
Field	24	28	28
Stakeholders-/ invitation			6
Closing (12/02/05)	6	6	6
Closing meeting	3	3	3
Sub-total	52	55	65

### **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 – 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 presents the number of corrective actions (CARs) in each principle.

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

Principle	Strong Points	Weak points	Providences
<b>P 01: Compliance with laws and FSC Principles</b>	<ul style="list-style-type: none"> <li>Respect to laws pertaining to the forestry activity.</li> <li>All levies and fees pertaining to the activity are collected, and service providers are also monitored in this respect.</li> <li>There are formal procedures to protect the management areas, which are protected against illegal activities.</li> <li>Long term commitment in maintaining representative samples of the existing ecosystems..</li> </ul>	<ul style="list-style-type: none"> <li>The registration of legal reserve areas is not yet concluded.</li> <li>Conservation areas still have to be recovered.</li> <li>Notions of environmental law are lacking in the training programs.</li> </ul>	<p><b>PRE</b> <b>2005-02</b> <b>2005-03</b> <b>2005-17</b></p> <p><b>CAR</b> <b>2006-08</b></p> <p><b>REC</b> <b>2006-01</b></p>
<b>P 02: Tenure and land use rights and responsibilities</b>	<ul style="list-style-type: none"> <li>Clear documentation for the areas to be certified.</li> <li>Calm and peaceful tenure of properties.</li> <li>Local communities and those located around the areas have their tenure rights assured..</li> </ul>	<ul style="list-style-type: none"> <li>One area has a legal pending matter with a local company, but it is at a final stage..</li> </ul>	
<b>P 03: Indigenous People and Traditional Communities rights</b>	<ul style="list-style-type: none"> <li>Not applicable. There are no indigenous or traditional populations around or in the region where the management of LWARCEL's forest plantations is developed. Therefore, management does not threaten or decrease the tenure rights of any indigenous or traditional populations.</li> </ul>		

<p><b>P 04:</b> <b>Community relations and worker's rights of the Forest Management Unit</b></p>	<ul style="list-style-type: none"> <li>• Job opportunities for residents of the municipalities in the region where the company maintains its activities.</li> <li>• Low number of labor lawsuits.</li> <li>• Suitable work conditions, with very good food and water quality provided to employees.</li> <li>• Complete and detailed training program.</li> <li>• Work safety is monitored.</li> <li>• Work fronts are properly identified with signals.</li> <li>• Transportation provided to employees made in suitable and well-maintained vehicles.</li> <li>• Good relationship with the surrounding population.</li> <li>• Collaboration with the public authorities whenever requested.</li> <li>• Participation in a number of educational and health social programs for the local population.</li> <li>• Comprehensive socioeconomic diagnostic made, involving own and outsourced workers and residents, in the region where the company maintains its activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Recent implementation of new procedures in work safety.</li> <li>• Although a Collective Labor Convention exists, not all service providing companies have individual agreements with unions.</li> <li>• Environmental Education Program yet to be effectively implemented.</li> </ul>	<p><b>PRE</b> <b>2005-04</b> <b>2005-05</b> <b>2005-06</b> <b>2005-07</b> <b>2005-08</b> <b>2005-12</b></p> <p><b>CAR</b> <b>2006-01</b> <b>2006-05</b></p>
<p><b>P 05 :</b> <b>Benefits from the Forest (Plantations)</b></p>	<ul style="list-style-type: none"> <li>• This is a medium-size company in the cellulose industry in Brazil, currently undergoing an expansion stage, with low indebtedness.</li> <li>• Forest management is conducted in an objective and businesslike manner to supply the Lencois Paulista (SP) cellulose mill.</li> <li>• Good productivity of plantations, allowing the supplying of part of the plants consumption with a total yield of 1,227 million m<sup>3</sup> debarked small logs/year.</li> <li>• Supplying of logs for local industrialization and apiculture are examples of viable economic activities within the management areas.</li> <li>• Appropriate harvest equipment in accordance with local conditions (topography, soil type) and economically viable.</li> <li>• Harvest residues are disposed of at the planting stands in a suitable manner, facilitating the use of the reduced tillage practice during planting operations.</li> <li>• No fire is used for soil tillage.</li> <li>• LWARCEL hires service providers in the cities where it maintains activities, generating jobs and income in the region.</li> <li>• The company has made efforts to reduce soil erosion problems and to maintain conservation areas.</li> <li>• A recovery program exists for permanent preservation and legal reserve areas.</li> <li>• A continuous forest inventory program exists, where yield estimates are equivalent to yields obtained in the inventory.</li> <li>• Compatibility between current harvest levels and growth data.</li> </ul>		
<p><b>P 06 :</b> <b>Environmental Impact</b></p>	<ul style="list-style-type: none"> <li>• There exists a generic identification and evaluation of the environmental impacts of forest activities.</li> <li>• A document exists describing fauna and flora surveys performed at the FMUs so far;</li> <li>• There exist basic maps containing the conservation areas;</li> <li>• The company has prepared a Recovery Program for</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of intermingling between Fauna and Flora technical teams in defining Plans for joint studies;</li> <li>• Inexistence of a map containing the</li> </ul>	<p><b>PRE</b> <b>2005-02</b> <b>2005-09</b> <b>2005-10</b> <b>2005-13</b> <b>2005-15</b> <b>2005-16</b></p>

	<p>Permanent Preservation and Legal Reserve Areas and has been registering its Legal Reserves;</p> <ul style="list-style-type: none"> <li>• Areas intended for conservation, legal reserve, and permanent preservation areas represent naturally occurring ecosystems in the region;</li> <li>• Existence of a forest fire prevention and fighting plan;</li> <li>• There exists great heterogeneity between ecosystems in the areas of the company, with farms comprising fragments of considerable size, allowing the conservation of different vegetation physiognomies present in the State of Sao Paulo;</li> <li>• The implementation of fauna corridors has been planned to increase the connectivity between fragments of natural areas;</li> <li>• The equipment intended for use in forest activities is selected taking into account potential environmental impacts;</li> <li>• Pesticides have their use justified, with corresponding field tests, and every purchase is accompanied by an agronomic prescription;</li> <li>• When agrochemicals are applied, workers receive adequate training and use safety equipment;</li> <li>• A program exists for managing pesticides, including the reception, storage, application, return, and final disposal of containers;</li> <li>• An integrated pest management program exists, even promoting the use of local predators;</li> <li>• A research program exists to reduce pesticide use and to seek less toxic products;</li> <li>• Procedures and infrastructure have been implemented to handle, treat, dispose, and give a final destination to residues and product containers..</li> </ul>	<p>characterization of conservation areas;</p> <ul style="list-style-type: none"> <li>• Lack of a micro-watershed Program as a planning unit for the larger contiguous areas</li> </ul>	<p><b>CAR</b> <b>2005-03</b> <b>2005-04</b> <b>2006-07</b></p>
<b>P 07: Management Plan</b>	<ul style="list-style-type: none"> <li>• 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 the means to achieve them have been clearly described.</li> <li>• There is evidence that the planning and operation teams are familiar with the management plan.</li> <li>• The summary of the management plan is available for public consultation.</li> <li>• Periodic review of the management plan.</li> <li>• LWARCEL has good training programs for both, its own and outsourced workers.</li> <li>• Planning, implementation, and maintenance of the road network performed in accordance with technical specifications.</li> <li>• Appropriate control and storage of harvested products.</li> <li>• A plan for the prevention and control of fires with properly trained teams exists, with defined responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• A management training program for 2006/2007 on environmental matters must be implemented</li> <li>• An Environmental Education Program must be implemented for the external public, especially for neighbors to FMUs, involving the conservation of biodiversity, focusing on the issue of hunting and collection of wild material.</li> <li>• A plan for making the Forest Management Plan public is yet to be implemented</li> </ul>	<p><b>PRE</b> <b>2005-02</b> <b>2005-11</b> <b>2005-12</b> <b>2005-14</b> <b>2005-18</b></p> <p><b>CAR</b> <b>2006-02</b> <b>2006-05</b> <b>2006-06</b></p>
<b>P 8 – Monitoring and Assessment</b>	<ul style="list-style-type: none"> <li>• Standardized documentation exists containing the justification and availability of the monitoring and evaluation method;</li> <li>• The monitoring information that has been obtained is recorded;</li> </ul>		

	<ul style="list-style-type: none"> <li>• The company has an agreement with an institution that is acknowledged competent to perform biological monitoring (UNESP-Botucatu);</li> <li>• The company maintains yield controls of all products exploited, which are compared against planning and inventory data;</li> <li>• There are procedures for the control and assurance of the chain of custody;</li> <li>• Although the management plan has been written recently, there is evidence that changes in field operations will be incorporated in reviews of the plan;</li> </ul>		
<b>P 09 – Maintenance of high Conservation Value Forests</b>	<ul style="list-style-type: none"> <li>• The analysis of data from biological surveys currently underway will allow us to verify the existence of special conservation attributes and to define High Conservation Value Areas in the company's FMUs;</li> <li>• The company's technicians are aware of the significance and importance of maintaining areas considered to have HCV and are attentive to the analysis of information on the fauna and flora that should be used as support information for the configuration of such areas</li> </ul>		
<b>P 10 –Forests plantations</b>	<ul style="list-style-type: none"> <li>• The objectives of the forest plantations are clear in the management plan, including the conservation of permanent preservation and legal reserve areas.</li> <li>• In comparison with land use activities in the surrounding area, the forest plantations promote a reasonable protection of remaining natural areas, allowing the preservation of important wild species habitats.</li> <li>• LWARCEL has a good, long-term genetic breeding program, which includes a cloning program. Currently, most plantations are derived from clones.</li> <li>• The selection of species for the plantations is based on the complete adaptation of the eucalyptus species to the region where LWARCEL exerts its activities in the State of Sao Paulo and its compliance with the objectives of the management plan.</li> <li>• At present, LWARCEL has 5,177 ha in conservation areas and is implementing the expansion of this area in conformity with the Plan for the Restoration of Legal Reserve Areas. The incorporation of an additional 416 ha until 2010 has been scheduled.</li> <li>• In order to conserve the soil, suitable soil tillage techniques (reduced tillage) are employed, without the use of fire, with an appropriate disposal of branches and bark resulting from harvest, reducing soil compaction. Erosive processes are controlled and monitored.</li> <li>• Adoption of techniques compatible with local conditions (topography, soil type, and climate, among others).</li> <li>• Existence of a program for the monitoring and periodic control of the quality of waste water from the seedling nursery</li> <li>• Justifications provided for the application and doses of chemical products.</li> <li>• Evidence of commitment in the optimization of the use of agrochemicals (ant monitoring program) and</li> </ul>	<ul style="list-style-type: none"> <li>• Although the company's FMUs are relatively small, the company must adopt the hydrographic watershed as a management unit</li> </ul>	<p><b>PRE</b> <b>2005-01</b> <b>2005-04</b></p> <p><b>CAR</b> <b>2006-07</b></p>

	replacement of those products. <ul style="list-style-type: none"> <li>• In its Management Plan, LWARCEL has contemplated the criteria to be followed for the purchase and leasehold of lands, and for the forest incentive program.</li> <li>• In areas to be certified, LWARCEL has not carried out any deforestation to be transformed into eucalyptus plantings since 1994. Since then, the conservation areas have only increased.</li> </ul>		
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#### 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 not accomplished.

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

<b>Background /Justifications</b> Areas covered with native species converted into forest plantations after 1994 are not eligible for Certification.	
<b>PRE 2005.01</b>	Exclude the Ipiranga Farm (Fazenda Ipiranga) from the scope of certification, since it does not meet Principle 10, criterion 9, (deforestation after November, 1994).
Reference	<i>FSC Criteria P10.c9</i>
<b>Actions by the Company</b>	
The company has agreed to remove the above-mentioned area from the scope of FSC Certification.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> The increase of areas under management must not imply an increase in environmental liabilities	
<b>PRE 2005.02</b>	Create a land purchasing or leasehold policy that does not increase the environmental liabilities relative to Legal Reserves.
Reference	<i>FSC Criteria P1.c7, P6.c4</i>
<b>Actions by the Company</b>	
LWARCEL has presented a document called <i>Purchasing or Leasehold Policy</i> , in which procedures to be followed are presented. These procedures consider that the percentage of legal reserve for the area cannot be smaller than the company's total area in the year of purchase or leasehold	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications</b> There must exist evidence of effective measures aimed at the preservation of Conservation Areas..
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<b>PRE 2005.03</b>	Prepare a Multi-annual Registration Plan for LWARCEL's Legal Reserves.
Reference	<i>FSC Criteria P1.c7</i>
<b>Actions by the Company</b>	
LWARCEL has presented a document called <i>Registration of Legal Reserves</i> , in which it presents a legal reserve registration timetable by farm.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications</b> There were no rules defined for the improvement of processes	
<b>PRE 2005.04</b>	Define procedures for the improvement of processes, including, at least, the following steps: i. technical/operational evaluation, ii. work safety procedures, and, iii. Environmental impacts.
Reference	<i>FSC Criteria P4 c2 and P10 c6</i>
<b>Actions by the Company</b>	
LWARCEL has presented a document called <i>Process Changing Procedure – Improvements (PF051)</i> , in which new organization charts and procedures to be followed are presented, in compliance with this major CAR.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications</b> There must be formal procedures to ensure the safety of passersby in management areas.	
<b>PRE 2005.05</b>	Include, in the cutting and felling work instruction: i. Traffic prohibition in areas subject to tree falling hazards, ii. Precautions to adopt when felling trees in areas neighboring public roads, iii. What to do in case of entangled/entrapped trees.
Reference	<i>FSC Criteria P4.c2C</i>
<b>Actions by the Company</b>	
. The company presented the formal procedures and corresponding felling techniques to be followed, which are already being taught in the training sessions held for its collaborators.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> There must be formal procedures to ensure safety in the use of roads within the FMUs.	
<b>PRE 2005.06</b>	Signal or block all roads compromised due to fallen bridges, ruptured dams and culverts, etc.
Reference	<i>FSC Criteria P4.c2C</i>

<b>Actions by the Company</b>	
The company has presented formal procedures for the <i>Signaling and Blocking of Impassable Roads</i> and actions taken, accompanied by photographic documentation as evidence.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> There must be formal procedures to ensure the safety of workers when felling trees, including trees cut to supply sawmills.	
<b>PRE 2005.07</b>	Define a safe method for felling <i>pinus</i> and provide training to the team
Reference	<i>FSC Criteria P4.c2C</i>
<b>Actions by the Company</b>	
The company has presented a <i>Work Instructions</i> document containing the procedures to be followed when cutting <i>pinus</i> and has trained the workers involved in the operation..	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> All levies and fees that must be paid by service providers have to be monitored.	
<b>PRE 2005.08</b>	Include IRPJ's CND (Brazil's Corporate Income Tax Good Standing Certificate) in the outsourced company monitoring system
Reference	<i>FSC Criteria P4.c12</i>
<b>Actions by the Company</b>	
LWARCEL has presented the procedures adopted for the monitoring of service providing companies, in which the payment of IRPJ (Imposto de Renda Pessoa Juridica - Corporate Income Tax) was included..	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> The multiple uses of the area that can help in the generation of income for the local and regional populations must include provisions for the protection of natural resources and protection areas.	
<b>PRE 2005.09</b>	Establish a contract with honey producers allowing the beekeeping activity, and prohibiting them from performing, and making them liable for any other type of activity within CAs (Conservation Areas – PPA and LR). Define areas and set forth regulations for the accommodation of hives.
Reference	<i>FSC Criteria P6.c2</i>
<b>Actions by the Company</b>	
LWARCEL presented the additional clause included in the Contracts with honey producers containing provisions to be followed for the protection of conservation areas when used for the production of honey.	

<b>Status by the end of this audit</b>
<b>PRE fulfilled</b>

**Background /Justifications:** Considering the importance of maintaining the conservation of the ecological integrity of natural areas that exist in the company's FMUs, a suitable characterization of the biological structure present in them must be initiated. In this respect, the pre-condition described below included as a requirement the preparation of maps and specific analyses, in order to define good survey and biological monitoring programs

<b>PRE 2005.10</b>	The (10a) <b>Fauna</b> and (10b) <b>Flora</b> technical teams must present their Plans to define pilot study areas for monitoring (Characterization), including: detailed methodology (sampling effort, schedule of activities, bibliography) for the activities to be carried out during 2006/2007. The plan must include the preparation of mappings of areas subject to risks of hunting and collection of biological material (fauna and flora), with the formal registration of these occurrences. Define restricted areas for beekeeping.
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Reference	<i>FSC Criteria P6 c2</i>
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**Actions by the Company**

A plan of action was sent, prepared by UNESP-Botucatu professors, who signed an agreement with the company, including the studies that should be added for monitoring

**Status by the end of this audit**

**PRE fulfilled**

**Background /Justifications** The company's decision makers must be qualified to manage the fauna and flora monitoring programs and activities, in accordance with the standards required for a Certified area.

<b>PRE 2005.11</b>	Present a managerial training program for 2006/2007 on environment involving themes about biodiversity conservation (ecological integrity indicators, ecological principles, and fauna and flora monitoring) and sustainability of ecosystems. This training shall not be handled by professionals that already have projects under development with the company.
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Reference	<i>FSC Criteria P7.c3</i>
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**Actions by the Company**

The company presented the Managerial Training Program on Environment and Sustainable Development, including the syllabus, course load, and institution responsible for each activity planned..

**Status by the end of this audit**

**PRE fulfilled**

**Background /Justifications** Proactive measures must be taken to publicize the importance of biodiversity and its conservation.

<b>PRE 2005.12</b>	An Environmental Education Program must be prepared for the external public, especially for neighbors to the company's FMUs, involving the issue of biodiversity conservation. This activity must focus on the question of hunting and collection of wild material.
Reference	<i>FSC Criteria P7 c3</i>
<b>Actions by the Company</b>	
LWARCEL presented an Environmental Education Program containing objectives, methodology, and content.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications</b> To ensure the sustainability of forest production, special attention must be given to soil conservation.	
<b>PRE 2005.13</b>	Define soil conservation monitoring procedures to prevent erosion problems: <ul style="list-style-type: none"> <li>• The area of influence should be the FMU and not the silviculture area only;</li> <li>• Avoid, whenever technically possible, the discharge of surface water in conservation areas;</li> <li>• Incorporation, to the monitoring activities, of contour lines and pockets within planting areas</li> </ul>
Reference	<i>FSC Criteria P6 c5</i>
<b>Actions by the Company</b>	
The following instruction was included in the procedure for the Construction and Maintenance of Roads and Fire Lines (PF052): “Avoid, whenever technically possible, the discharge of surface water in conservation areas.” In order to incorporate contour lines and pockets within planting areas into monitoring, a procedure for the Monitoring of Soil Conservation Within Stands (PF052) was created. The areas were classified into two conditions. 2.1.1. Monitoring of critical areas 2.1.2. Monitoring of areas without or with a low risk of erosion	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications</b> - The Management Plan should be made known to society.	
<b>PRE 2005.14</b>	Prepare a plan to announce the Management Plan, envisioning a mechanism for answering questions
Reference	<i>FSC Criterio P7.c4</i>
<b>Actions by the Company</b>	
LWARCEL has presented a <i>Plan for Making the Management Plan Public</i> , containing objectives, methodology, and deadlines	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> Considering that natural ecosystems in protected areas must be representative in relation to their size and percentage across the landscape in which the FMUs are embedded, and bearing in mind that it is necessary to solve the Legal Reserve shortage problem, the present pre-condition was prepared.	
<b>PRE 2005.15</b>	The deadline for concluding the adjustment of LRs (Legal Reserve recovery plan) should not exceed the year 2026, with the incorporation of areas distributed as uniformly as possible, and with preference given to areas defined as important for biodiversity conservation (as observed in the fauna characterization and monitoring).
Reference	<i>FSC Criteria P1.c1 and P10.c2</i>
<b>Actions by the Company</b> The company prepared a document explaining the existing RL deficit, and presented a timetable for the restoration of the lacking area in each FMU.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> In some areas where few exotic trees exist, the procedure adopted for their removal and utilization (felling and skidding) causes a higher impact than maintaining the trees, without damage to their understory. In these areas, maintaining snags seems to be the most suitable procedure.	
<b>PRE 2005.16</b>	Inclusion, in the degraded area recovery procedures (PF014), a prohibition against the utilization of exotic species in the case of isolated trees or small blocks inside CAs. Make provisions for the “snag conservation” procedure
Reference	<i>FSC Criteria P6 c9</i>
<b>Actions by the Company</b>	
In order to meet the requirements of this PRE, item 3.4. was included in the Degraded Area Recovery procedure (PF014), which defines the procedure for the elimination of <i>pinus</i> and <i>eucalyptus</i> in conservation areas (LR and PPA).	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> Proactive actions must be taken to minimize or prevent illegal activities from occurring inside management areas	
<b>PRE 2005.17</b>	Inclusion, to the <b>5S</b> internal audit system, of a procedure to verify that conservation areas are respected, and whether illegal hunting or collecting occur in the area..
Reference	<i>FSC Criteria P1.c5</i>
<b>Actions by the Company</b>	
The company presented new <b>5S</b> internal audit procedures, including the verification of conservation areas, in accordance with this major CAR.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

<b>Background /Justifications:</b> After the field audit, the management plan must be updated, including a number of items.	
<b>PRE 2005.18</b>	The new version of the Management Plan must include: <ul style="list-style-type: none"> <li>i. LWARCEL's Environmental Policy, with a commitment to adhere to FSC's PC&amp;I;</li> <li>ii. Plan of Action for the Inspection and Adaptation of Septic Tanks in LWARCEL's Farms and Nursery;</li> <li>iii. Actions and steps (commitments) to be fulfilled in case the company chooses to use mechanized forest harvest (Criterion P4c11);</li> <li>iv. List of pesticides used and history of use in the past 3 years;</li> <li>v. Fauna and flora characterization plan;</li> <li>vi. PPA and LR Recovery Plan;</li> <li>vii. Pinus and Eucalyptus Control Plan in Conservation Areas;</li> <li>viii. Plan of Verification of location of springs on maps and evaluation of their distance from PPAs;</li> <li>ix. Multi-annual Registration Plan for LWARCEL's Legal Reserves.</li> <li>x. Land purchasing and leasehold policy (pre-cond. 02);</li> <li>xi. Monitoring programs carried out;</li> <li>xii. Strategies of the Genetic Breeding Plan;</li> <li>xiii. References on the Quality Control System;</li> <li>xiv. Reference on the Training Program, including service providing companies;</li> <li>xv. Records and frequency of forest fires;</li> <li>xvi. All maps must have a geographic coordinates grid (preferably in UTM – Corrego Alegre or SAD 69 Datum)</li> </ul>
Reference	<i>FSC Criteria P7.c1; P7.c2</i>
<b>Actions by the Company</b>	
LWARCEL has presented the new version of the <i>Management Plan</i> in conformity with the requirements of this major CAR.	
<b>Status by the end of this audit</b>	
<b>PRE fulfilled</b>	

## 5.0 – DECISION ABOUT THE CERTIFICATION

### 5.1 – CERTIFICATION RECOMMENDATION

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the LWARCEL 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 LWARCEL 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 9.0 are met over the forest area covered by the scope of the evaluation. LWARCEL 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 – Corrective Action Requests

<b>Background /Justifications:</b> Efforts must be made to improve the representativeness relations between workers and employers.	
<b>CAR 2006.01</b>	Until the date of the first annual audit in 2007, LWARCEL shall present the Union Agreement between Outsourced Companies and the region's RWUs or the existing Collective (state) Labor Convention, properly homologated with the Labor Ministry.
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P4.c3.i2</i>

<b>Background /Justifications::</b> The company's decision makers shall be qualified to manage the fauna and flora monitoring programs and activities, in accordance with the standards required for a Certified area.	
<b>CAR 2006.02</b>	Implement the managerial training program for 2006/2007 on environment, involving themes about biodiversity conservation (ecological integrity indicators, ecological principles, and fauna and flora monitoring) and sustainability of ecosystems.
<b>Deadline</b>	<i>2007annual audit</i>
<b>Reference</b>	<i>FSC Indicator P7 c3</i>

<b>Background /Justifications::</b> Environmental evaluations shall be carried out to determine the impact of forest management activities on the components of natural ecosystems. These evaluations must contemplate surveys and studies on the fauna, flora, habitats, water resources, and sites with relevant historical, archaeological, cultural, or speleological and scenery value. The company shall carry out these surveys and properly characterize the FMUs, and make plans for monitoring and environmental control programs	
<b>CAR 2006.03</b>	Implement the Integrated Plan for Fauna and Flora characterization and monitoring, including the mapping of risk areas (hunting and collecting). Present the first results report and multi-annual program for 2007-2008 during the 2007 audit.
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P6 c1 and c2</i>

<b>Background /Justifications:</b> The representative samples of existing ecosystems in the natural landscape must be protected in their natural state and identified in the maps, as appropriate to the scale and intensity of the forest management activities and according to the peculiarity of the affected resources. To achieve this, it is necessary, as a first step, to map and classify the natural areas according to the existing plant typology and to evaluate its degree of conservation.	
<b>CAR 2006.04</b>	Make a survey of the status and reclassify 50% of the Conservation Areas until the 2007 annual audit, and conduct the activity in the remaining areas until the 2008 audit. At least the following classes

	<p>should be taken into consideration:</p> <ul style="list-style-type: none"> <li>• pine/eucalyptus;</li> <li>• pine/eucalyptus and developed understory;</li> <li>• predominance of exotic grasses;</li> <li>• high infestation by exotic species (pine and eucalyptus);</li> <li>• native vegetation (classify as per the formations described in the <i>Flora and Fauna Characterization</i> Report, including the formation of Paludal Forest);</li> <li>• native vegetation with high infestation of lianas and/or bamboos (high, medium, or low)</li> </ul>
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P6 c4</i>

<b>Background /Justifications::</b> Proactive measures must be taken to publicize the importance of biodiversity and its conservation. In this respect, the Environmental Education Program shall be implemented..	
<b>CAR 2006.05</b>	The Environmental Education Program shall be implemented for the external public, especially for neighbors to the company's FMUs, involving the conservation of biodiversity, focusing on the issue of hunting and collection of wild material. Annual reports shall be presented on the activities performed, as well as a schedule of activities for the following year; the first report shall be presented in the 2007 audit.
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P7.c3</i>

<b>Background /Justifications:</b> The Management Plan shall be made known to society	
<b>CAR 2006.06</b>	Implement, until the 2007 annual audit, the plan to raise awareness about the Management Plan.
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P7.c4.i1</i>

<b>Background /Justifications::</b> The cutting operations performed in large extensions may cause problems on a micro-watershed scale, including alterations in water quality, soil erosion, and fragmentation to animal populations. For these problems to be analyzed and prevented, the micro-watershed must be adopted as a study unit. The condition below expresses this concern in relation to FMUs with size larger than 1,000 ha	
<b>CAR 2006.07</b>	FMUs with size above 1,000 ha (isolated or in block) must be planned using the micro-watershed concept. A proposal for annual clearcut shall be presented in the 2008 audit, taking into consideration the sustainability of these micro-watersheds (mosaic management).
<b>Deadline</b>	<i>first 2007audit</i>
<b>Reference</b>	<i>FSC Indicator P10 c2</i>

<b>Background /Justifications:</b> The fulfillment of the <i>Registration of Legal Reserves</i> Plan, and the legal reserve registration timetable by farm shall be monitored	
<b>CAR 2006.08</b>	Annually present a report describing the current status of the Registration of Legal Reserves Plan, according to the timetable proposed in the document..
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Indicator P1.c7.i1</i>

## Recommendations

**Recommendation 2006.01:** Aspects related to relevant environmental laws, FSC Certification, and environmental education shall be included in the scope of formal trainings (for own or outsourced employees).

**Recommendation 2006-02:** Elaborate a Plan/Program to Eradicate the Not alphabetization persons and improve education level at the workers at LWARCEL.

**Recommendation 2006-03:** Incorporate professional(s) with competence in Biodiversity and Conservation areas in the technical department of LWARCEL.

## 6.0 SURVEILLANCE EVALUATIONS

### 6.1 2007 Annual Audit

#### 6.1.1 Assessment Dates

- Certification audit – field visit, 28 November – 2 December, 2005
- 1st annual audit (2007) – field visit, April 2-4, 2007

#### 6.1.2 Auditor

**Dr. Vanilda R. S. Shimoyama:** Forestry graduate from the USP, M.Sc. from ESALQ/USP and Doctor degree from the UFPR in Wood Technology. With over twenty years of experience, she has worked as researcher, consultant, and contract professional for the private sector in Brazil. In the forest sector, she developed and implemented quality control programs in forestry activities. She has, also, developed research to increase forest productivity and wood quality. Her further activities include seven years in wood harvesting, studies and development of programs to minimize environmental impacts by forest activities, development and implementation of programs for the management of residues generated by forest activities, and development of regulations for the utilization of chemical products and for the introduction of new products. She coordinated studies on natural forest fragments and degraded land reclamation projects. In the social area, she developed programs for the qualification of human resources (training) in the aspects of productivity, quality, labor

safety, and environment. She developed projects and implemented environmental education programs in the Pioneer North in the State of Paraná. In the industrial sector, she developed and implemented programs for Forest-Industry Integration geared toward the final product quality improvement and the reduction of costs, as well as studies and programs for the optimization of raw-material. Under SCS, she has participated in certification/recertification processes of 6 (six) forest management units involving both planted and natural forests by performing 26 audits. She has participated in 12 chain of custody certification processes, and performed a total of 64 audits (north, south, southeast, and mid-west regions of Brazil).

### 6.1.3 Assessment Process

The assessment process began on April 2nd, in the Lençóis Paulista region. The auditor visited Fazenda Tapera, where wood harvesting and transport activities were occurring. In this area, the following topics were verified: tree felling technique, workers' documentation, adequate use of EPIs, general work conditions, worker transport & feeding, and attention to NR 31.

On this same day the auditor also visited Fazendas Turvinho II, Turvinho III, São Luis, Mendes União, Fazenda Pereira and Turvinho V. In these areas the auditor evaluated: development of the forests, the condition of the conservation areas, the plan for removal of exotics from the conservation areas, conservation and maintenance of the road network, and control of erosion processes. Fazendas Mamedina and Carvão Pioneiro were also visited, where the residual harvesting activities were evaluated. In these two locations, ant control and herbicide practices were observed.

On the 3rd of April Fazenda Nova América was audited to check on herbicide application activities, the PPA development program, and removal of exotics from conservation units. In Fazenda União, the auditor evaluated wood harvesting activities, including cutting, delimiting, bucking, removal, loading, and transport. She also visited the permanent preservation areas and legal reserve within Fazenda Limeira.

On the morning of April 4th, the auditor evaluated storage and control of chemical products, as well as control of packaging breakdown. In the office, she reviewed documents pertaining to Lwarcel as well as its contract service providers. In the afternoon, the auditor performed a general evaluation of the company and conducted a closing meeting, in which new CARs and recommendations to be implemented by the company were presented.

### 6.1.4 Status of Corrective Action Request and Recommendations

<b>CAR 2006.01</b>	<i>FSC Indicator P4.c3.i2</i>
By the date of the first annual audit in 2007, LWARCEL shall present the Union Agreement between Outsourced Companies and the region's RWUs or the existing Collective (state) Labor Convention, properly homologated with the Labor Ministry.	
<b>Company Actions/Auditor Observations</b>	

In the 2007 audit Lwarcel presented the Collective Union Agreement, carried out by each service provider company and the Bauru Union, homologated by the Labor Ministry. The companies had already updated their labor activities and schedules in conformance with the clauses of the agreement. LWARCEL maintains copies in their files of the agreement and contracts between the service provider companies and the Union.

**Status at the end of audit**

**CAR closed**

**CAR 2006.02**

*FSC Indicator P7 c3*

Implement the managerial training program for 2006/2007 on environment, involving themes about biodiversity conservation (ecological integrity indicators, ecological principles, and fauna and flora monitoring) and sustainability of ecosystems.

**Company Actions/Auditor Observations**

For implementation of the managerial training program on the environment, LWARCEL signed a contract with FUNDEB (Foundation for Development in Bauru) for coordination with Professor Dr. Osmar Cavassan, from the Sciences Faculty of Unesp, Dept. of Biological Sciences – Bauru Camups. The course with a schedule load of 124 hours was composed of the following 7 modules:

- Ecology
- Environmental conservation
- Environmental management of solid residuals,
- Management of hydrologic resources,
- Management and monitoring of natural forests,
- Management and monitoring of fauna,
- Environmental education

All the modules have already been carried out, and involved engineers, technicians, and supervisors in the Forestry Division. The company maintains a file of all the materials produced as well as attendance lists.

**Status at the end of audit**

**CAR closed**

**CAR 2006.03**

*FSC Indicator P6 c1 & c2*

Implement the Integrated Plan for Fauna and Flora characterization and monitoring, including the mapping of risk areas (hunting and collecting). Present the first results report and multi-annual program for 2007-2008 during the 2007 audit.

**Company Actions/Auditor Observations**

During the 2007 it was verified that LWARCEL signed an accord with UNESP (Paulista State University) for the monitoring of Avifauna and Mastofauna of médio and grande porte. These communities were chosen because they are potential quality and environmental preservation indicators. Work began in 2006, and based on results of the flora characterization process, the areas most representative for fauna monitoring were chosen: Fazendas Turvinho and Nova América. The company presented the report on the pilot study, done between October 18-27, 2006, along with the programs scheduled for 2007 and 2008. Four campaigns will be done in 2007 and four in 2008 (in agreement with the previously presented plan).

LWARCEL also presented the mapping of risk areas for hunting, fishing, and materials

collection – for example, for “Sapê”, based on occurrences observed by collaborating residents of the fazenda headquarters and the technical silviculture team. As mitigating measures for the areas with the greatest risk, LWARCEL defined and implemented actions such as:

- Collaborators/residents in all the headquarters of all the fazendas, with the exception of Fazenda Bela Manhã,
- Increasing the frequency of vigilance/observations,
- Training collaborators on how to handle situations where unauthorized/suspicious persons are identified within the management areas,
- Continuity of the Lwarcel environmental education program, emphasizing the visiting program for the fazendas’ neighbors. In these visits, the neighbors receive orientations on the importance of fauna and flora preservation, as well as receiving information on how to proceed after identifying strangers on the Lwarcel properties. In these cases they are asked to get in touch with the employees on shift so that the company can take appropriate measures.
- Informative advertising and plaques regarding hunting and fishing

Since a large portion of these planned activities will take place during 2007 and 2008, the CAR will be reviewed again in the 2008 annual audit.

**Status at the end of audit**

**CAR in progress**

<b>CAR 2006-04</b>	<i>FSC Indicator P6 c4</i>
<p>Make a survey of the status and reclassify 50% of the Conservation Areas until the 2007 annual audit, and conduct the activity in the remaining areas until the 2008 audit. At least the following classes should be taken into consideration:</p> <ul style="list-style-type: none"> <li>• pine/eucalyptus;</li> <li>• pine/eucalyptus and developed understory;</li> <li>• predominance of exotic grasses;</li> <li>• high infestation by exotic species (pine and eucalyptus);</li> <li>• native vegetation (classify as per the formations described in the <i>Flora and Fauna Characterization</i> Report, including the formation of Paludal Forest);</li> <li>• native vegetation with high infestation of lianas and/or bamboos (high, medium, or low)</li> </ul>	
<b>Company Actions/Auditor Observations</b>	
<p>Lwarcel signed a contract with the Faculty of Agronomic Sciences of UNESP, Botucatu for support in carrying out the flora work. A working protocol was developed to facilitate field identification of the phyto-physiognomic units present within the company area, as well as their respective successional stages and degree of conservation. Trainings were done with the field team and an identification manual was made for identifying the phyto-physiognomies and successional stages, with descriptions of structural parameters, floristics, and physiognomies for defining these units. As with the initial evaluation, there are no occurrences of pine/eucalypt and developed sub-forest. During the 2007 audit, it was verified that the company had already classified and mapped 85% of the certified area.</p>	
<b>Status at end of audit</b>	
<b>CAR in progress, final deadline 2008 audit.</b>	

<b>CAR 2006-05</b>	<i>FSC Indicador P7.c3</i>
<p>The Environmental Education Program shall be implemented for the external public, especially for neighbors to the company's FMUs, involving the conservation of biodiversity, focusing on the issue of hunting and collection of wild material. Annual reports shall be presented on the activities performed, as well as a schedule of activities for the following year; the first report shall be presented in the 2007 audit.</p>	
<b>Company Actions/Auditor Observations</b>	
<p>Lwarcel implemented an environmental education program for the external public, sending an invitation to the neighbors and schools in the region. In accordance with the elaborated timeline, 2 programs a semester and 4 per year are being held for the neighbors. A report was presented of the 2006 programs and the planned programs for 2007, along with attendance/participation lists. In 2006, 653 people participated including students, professors, and neighbors of the FMUs. In March of 2007 the first group of neighbors for the year came. The auditor considers this CAR complete. In subsequent annual audits the progress of this program will be revisited.</p>	
<b>Status at end of audit</b>	
<b>CAR closed</b>	

<b>CAR 2006-06</b>	<i>FSC Indicador P7.c4.i1</i>
<p>Implement, by the 2007 annual audit, the plan to raise awareness about the Management Plan.</p>	
<b>Company Actions/Auditor Observations</b>	
<p>LWARCEL carried out a Campaign to Disseminate the Management Plan, during the period of May-September 2006, involving the following 17 actions:</p> <ul style="list-style-type: none"> <li>- Notice posters – posters in the division and corporate offices of Grupo Lwart;</li> <li>- Displays in cafeterias – Lwart and Lwarcel cafeterias</li> <li>- Notices in the Lwarcel and Forestry Division entrances</li> <li>- Outdoors</li> <li>- Regional press release – press/radio and TV media in Lençóis Paulista and the region;</li> <li>- Institutional announcement – O Papel magazine (ed. 6 and 8), Anave magazine (ed. 125), ECO journal (June 13-27 2006) and Tribuna (10-17 June 2006);</li> <li>- Direct means – speaking to land leasers, promotion, government organizations, NGOs, authorities and clients;</li> <li>- Public summary – link for download on the Grupo Lwart website;</li> <li>- Materials/Lwar News – internal employees and contractors, partners in the Social Projects managed by Grupo Lwart, leasers, stakeholders, promotion;</li> <li>- Materials/Ca entre Nos – for employees of Grupo Lwart</li> <li>- Informative letter – sent to managers and directors of Grupo Lwart, authorities, government organizations, NGOs, and suppliers,</li> <li>- Bus posters, institutional folders, group party, free gifts, and articles/materials sent to the directors and managers of Grupo Lwart.</li> </ul> <p>Given all the documentation presented, the auditor considers that the Lwarcel Management Plan has been widely disseminated.</p>	
<b>Status at end of audit</b>	
<b>CAR closed</b>	

<b>CAR 2006-07</b>	<i>FSC Indicator P10 c2</i>
FMUs with size above 1,000 ha (isolated or in blocks) must be planned using the micro-watershed concept. A proposal for annual clearcut shall be presented in the 2008 audit, taking into consideration the sustainability of these micro-watersheds (mosaic management).	
<b>Company Actions/Auditor Observations</b>	
In 2007 the auditor verified that the company was studying the viability of a program for clearcutting that considers the sustainability of these micro-watersheds, so that a proposal could be presented to SCS.	
<b>Status at end of audit</b>	
<b>CAR in progress – deadline 2008 annual audit</b>	

<b>CAR 2006-08</b>	<i>FSC Indicator P1.c7.i1</i>
Annually present a report describing the current status of the Registration of Legal Reserves Plan, according to the timetable proposed in the document.	
<b>Company Actions/Auditor Observations</b>	
In the 2007 audit Lwarcel presented the revised and updated Registration of Legal Reserves Plan. Due to the time required by the environmental organizations for visits, technical analysis, and registration approvals, the company has to revise its execution timeline, indicating indicating finalization in 2028. The company presented 4 processes (4 fazendas) for legal reserve registration to DPRN, which were already visited and are awaiting the technical decision from the Environmental Organization. For the other 3 processes, maps had been made and the company was giving DPRN access to visit the areas. In the two other fazendas, the company was performing topographic surveys for the elaboration of maps. Given the observations and documentation presented, the auditor considers that for 2007, the CAR is complete, however, it will be necessary to verify its status during the 2008 audit.	
<b>Status at end of audit</b>	
<b>CAR in progress</b>	

### Recommendations:

<b>REC 2006-01</b>	<b>Reference:</b> FSC P4 e P6
Aspects related to relevant environmental laws, FSC Certification, and environmental education shall be included in the scope of formal trainings (for own or outsourced employees).	
<b>Company Actions/Auditor Observations</b>	
The company included these items in trainings, including in the orientations done for new employees.	
<b>Status at end of audit</b>	
<b>REC closed</b>	

<b>REC 2006-02</b>	<b>Reference:</b> FSC P4
Elaborate plans/programs for Eradicating Illiteracy and Educational Improvement for Lwarcel workers.	

<b>Company Actions/Auditor Observations</b>
The company has still not created plans or programs for Eradicating Illiteracy and Educational Improvement for company workers – a survey of the current level of literacy of the workers is needed first, which the company intends to do this by next year.
<b>Status at end of audit</b>
<b>REC not complete</b>

<b>REC 2006-03</b>	<b>Reference: P &amp; D FSC</b>
Incorporate professional(s) with competence in Biodiversity and Conservation areas in the technical department of LWARCEL.	
<b>Company Actions/Auditor Observations</b>	
The company contracted a Forest Engineer with experience in Biodiversity and Conservation for its technical team, as well as a trainee for assist in the projects.	
<b>Status at end of audit</b>	
<b>REC closed</b>	

### 6.1.5 New CARs and Recommendations

Based on the results of this audit, the auditor concluded that the following new CARs and recommendations are needed to provide continuity to the actions requested of the company:

<b>Background/Justification:</b> The felling of trees using chainsaws is an activity of considerable risk that demands training, evaluation, and monitoring on the part of the safety technicians and area supervisors. During the 2007 audit, the auditor noted an opportunity for improvement in the execution of the felling technique, keeping in mind the health and safety of the workers.	
<b>CAR 2007-01</b>	Implement an evaluation program for safe tree felling techniques, including it in the control of operational quality and safety.
<b>Deadline</b>	60 days
<b>Reference</b>	FSC P4c2C
<b>Status at report finalization date</b>	With the objective to quantify and mitigate this problem, Lwarcel created two monitoring measures: <b>1) Felling Technique Quality Control (Operational)</b> , included in the procedure “Forest Harvest and Transport”, which will allow tracking/monitoring of the utilization of the following safety items when felling trees with chainsaws: a) Presence of a step between directional cut and back cut b) Presence of holding wood between the two cuts c) depth of felling cut (directional cut) <b>2) Felling Technique Quality Control, done by the company Ambiental (Safety)</b> . The company Ambiental was contracted as a Lwarcel service provider for working in the areas of occupational health and safety. Its role is to function alongside the work sites, providing

	<p>support in compliance with labor legislation and in monitoring and elaboration of work-related accident statistics.</p> <p>Therefore, considering the safety of chainsaw operators and their aides, Ambiental was directed to also monitor the use of proper felling techniques and to incorporate this control into its regular routine.</p> <p>Lwarcel created a pilot project for the control and monitoring of these items, with highly satisfactory results (Evaluation Program for Safe Tree Felling Technique).</p>
<b>Status</b>	<b>CAR closed</b>

<b>Background/Justification:</b> As a safety measure, all the EPIs of workers who apply pesticides should be hygienically cleaned in an appropriate location, as indicated by the company. This practice should not take place in the workers' homes.	
<b>CAR 2007-02</b>	Adjust the method of hygienically cleaning gloves and boots of pesticide applicators and their storage afterwards – this practice is currently being done in the workers' residences.
<b>Deadline</b>	30 days
<b>Reference</b>	FSC P4c2B; P4c2C
<b>Status at report finalization date</b>	<p>Lwarcel implemented the “Action Plan for Updating the Method of Hygienic Cleaning of Gloves and Boots of Pesticide Applicators”, which included the following actions:</p> <ul style="list-style-type: none"> <li>- Defining the procedure of washing gloves and boots in the field;</li> <li>- Pilot test for the idealized procedure;</li> <li>- Test approval</li> <li>- Updating text in the work instructions for application of chemical products</li> <li>- Updating work instructions in the document control program</li> <li>- Training of people involved in the operations (with registers);</li> <li>- Updating document folders (work procedures and instructions);</li> </ul> <p>In these work instructions, the following text was included:</p> <ul style="list-style-type: none"> <li>- <i>At the end of the process, still wearing gloves, rinse with water the boots worn during the product application, then also wash the gloves;</i></li> <li>- <i>Keep the boots and gloves in the individual EPI bag or in an appropriate location for this purpose;</i></li> <li>- <i>The EPI bag should remain inside the bus until the next trip for work;</i></li> <li>- <i>In the case of an appropriate location to keep the boots and gloves, they should remain at the work site or in the bus.</i></li> </ul>
<b>Status</b>	<b>CAR closed</b>

<b>Antecedentes/Justificativas:</b> De acordo com o Código Florestal Brasileiro e Legislação Ambiental, as faixas de áreas de preservação permanente devem ser respeitadas. Na auditoria foi observado apenas um ponto de APP a ser adequado. Como a empresa foi recentemente certificada, o auditor considera oportuna uma revisão geral das faixas de APP, para correção de possíveis falhas, se, de fato houver.	
<b>CAR 2007-03</b>	Revise the Permanent Preservation Areas of the areas planted after

	January 2006 and update them in conformance with legislation.
<b>Deadline</b>	60 days
<b>Reference</b>	FSC P1c1; P10c1; P10c2
<b>Status at report finalization date</b>	Lwarcel elaborated and implemented the “Action Plan to Revise PPAs of Areas Planted After January 2006, Conforming to Legislation”. All stands adjacent to Permanent Preservation Areas were visited. After identifying irregular points, the topographic team defined the new borders and the roads were relocated, in order to respect the pre-established distances. To promote the process of natural regeneration, the incorporated areas were isolated and planted trees will be eliminated. With the objective to reduce identified operational failures, the following steps were taken: - the topography team was retrained as to the criteria used for demarcating the boundaries of the PPAs; - A verification system for locating PPAs was elaborated, in which prior to planting, the technical team from the Silviculture department is responsible for checking the work done by the topography team. If any irregularities are found, this should be corrected immediately and should be communicated to the planning department for inclusion in the monthly report.
<b>Status</b>	<b>CAR closed</b>

### 6.1.6 General Conclusion of the 2007 Annual Audit

The evaluation of Principles 5 and 7 demonstrates that this company is meeting the requirements of FSC Forest Certification. Positive highlights include the organization of company documentation, the vast Plan for Dissemination of the Management Plan, environmental precautions taken, and creating the LWARCEL General Indicator of Environmental Quality (ICQAL), among others.

## 6.2 2008 Annual Audit

### 6.2.1. Evaluation Dates.

- **Certification Audit:** The field visitation was held from November 28, 2005 to December 2, 2005.
- **First Annual Audit (2007):** The field visitation was held from April 2, 2007 to April 4, 2007.
- **Second Annual Audit (2008):** The field visitation was held from March 31, 2008 to April 2, 2008.

### 6.2.2 – Auditors

**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 norms 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 in with the objective 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 carried out more than 32 audits in Northern, Southern, Central, Southeast and West of Brazil.

**David Wager** is Director of Forest Management Certification for SCS. During his 8 years as Director, Mr. Wager has administered the program and led Forest Management and Chain-of-Custody evaluations throughout the world. Mr. Wager has led assessments of 30 forest management operations worldwide including Minnesota DNR, Pennsylvania State Forests, Massachusetts State Forests, Potlatch Corporation's Idaho Forestlands and Oregon Poplar Tree Farm, Wisconsin County Forests, Collins Pine Company, Department of Defence-Fort Lewis Installation, and operations in Brazil, Canada, Costa Rica, Japan, and Malaysia. In his role as Program Director, Mr. Wager oversees all first-time certification evaluations, annual audits, and contract renewal certifications on approximately 75 active certificate holders covering 30 million acres. In other natural resources work, Mr. Wager played a key role in the development of Starbucks CAFE Practices- a program to ensure procurement of sustainably grown and processed coffee. Mr. Wager has expertise in business and forest ecology (B.S. business, Skidmore College; M.S. Forest Resources, Utah State University) and utilizes both in his position with SCS. While studying forest ecology at Utah State University, Mr. Wager was awarded a NASA Graduate Student Research Fellowship to develop dendrochronological techniques to assess Douglas-fir growth in Utah's Central Wasatch Mountains.

**Dr. Jarbas Yukio Shimizu** is a Forest Engineer graduated at Universidade Federal de Viçosa. He is master of Forestry Sciences at Florida University (USA). He is PHD in Forest Genetics at North Carolina University (USA) and pos 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 Evaluation Process

The evaluation process began on March 31 with a general opening meeting at the Cellulose Pulp Mill. On this date, a Chain of Custody audit was held in the morning by Vanilda, Jarbas and Aaron Maizlish. David Wager evaluated Lunardeli farm in order to include it in the certification scope. At Lunardeli farm Mr. Wager assessed erosion control practices, roads, legal reserves, signage, watercourse protection zones. In interviews with Lwarcel staff, Mr. Wager discussed herbicide/pesticide applications and wildlife habitat on this farm.

A meeting was held in the afternoon to discuss the scope and Lwarcel's Eucalyptus Forest Management audit schedule. Afterwards, the audit team visited the operational activities on Fazenda Mamedina. The working conditions have been evaluated and the employees from the service providers company called Cavaleiros have been interviewed, which at that moment were applying herbicide and making ants control. The names of the employees have been registered in order to match the information with the registration and the documentation. The Eucalyptus trees sprouting activity with axe carried out by the company called Carvão Pioneiro has also been verified. The conditions related to the maintenance of the roads have been evaluated; the adequacy of the Permanent Preservation Areas and its recovery has been inspected. The first day of audit evaluation was finished with the evaluation of the forests development and the comparison of the production between sections. The job continued in the forest area office, reviewing the CAR's status and also the evolution from the previous year and their respective documentation.

The auditor team headed for Fazenda Nova América on April first in the morning to evaluate the herbicide application-related activities, manual weed and the environmental conditions; the safety at work has been verified, observing the availability and usage of equipment for personal protection; food and water availability and conditions have also been checked, first aid, situation of the means of transportation used by employees and their working hours have also been evaluated. At the end of the day the audit team visited a fragment of the native forest indicated by the organization as a high conservation value forest at Nova América farm.

The audit team was split and Dr. Vanilda Shimoyama evaluated the road conservation-related activities, erosion control, manual harvesting activities on Globo farm, including the approach used to fell trees, cutting of branches, cross-cutting, removal, loading, transportation, the employee-related documentation, training, correct use of equipments for individual protection, general working conditions, transportation and food provided to the employees.

David has visited Turvinho I, block 52 and looked at APP mitigation that was scheduled to occur. Also viewed blocks 14 and 26 that includes a large reserve area shared with Duratex. Erosion control efforts were also assessed.

The team gathered once again at Santa Elisa farm, which has been recently purchased and has been indicated to be included in the certification scope. The activities related to the control and elimination of big erosive areas degraded by farming activities, soil preparation, Eucalyptus seedling plantation, environmental and social impact assessment, and irrigation have been evaluated. The former employee who used to work with farming activity for the previous owner and his family have also been interviewed.

The storage of chemical products and its control were audited on April second in the morning; the control of containers returns was also evaluated. Afterwards, the auditor team gathered for the final evaluation. Then the auditor team gathered with the Lwarcel's technical and

managing team to close the audit; present the new CAR's to be addresses and implanted by the company and the recommendation of the auditor team.

#### 6.2.4 – Status of Corrective Actions Requested CAR's and Recommendations.

The following table presents the status of the CAR's opened and its evolution.

<b>CAR 2006.03</b>	<i>FSC Indicator P6 c1 e c2</i>
<p>The company is to introduce an Integrated Plan of characterization and monitoring of Fauna and Flora, including mapping of the risky area (hunt and illegal collect). The company is to present a report with the outcome and the annual program for 2007-2008.  <b>Deadline:</b> 2007 Audit.</p>	
<p><b>Company's Action / Auditor's Observations:</b></p> <p>At the 2007 audit it was verified that LWARCEL has settled a partnership with UNESP (Universidade Estadual Paulista) to monitor the medium and big sized Avifauna and Mastofauna species. These communities have been chosen because they are potentially good indicators of good quality and environmental preservation. The jobs started in 2006 and the more representative areas chosen for the fauna monitoring were based on the results of the flora characterization process: Fazenda Turvinho and Fazenda Nova America. The company has shown the report of the pilot project which had been carried out between October 18 to October 27, 2006 and the program expected for 2007 and 2008. Four campaigns will be carried out in 2007 and four in 2008 (according to Project previously presented).</p> <p>The mappings of the areas endangered by poach activities, and illegal removals of material, such as "Sapê" have also been introduced based on the occurrence mentioned by the inhabitants of the farm headquarters and by the silvicultural technical team. As a mitigating measure for the most endangered areas, LWARCEL has defined and implanted the following:</p> <ul style="list-style-type: none"> <li>– Constant presence of cooperators and inhabitants on the farm headquarters, except on Fazenda Bela Manhã;</li> <li>– Frequent surveillance;</li> <li>– Instructions to cooperators to what should be done if non authorized personnel are identified inside the management areas in suspicious behavior.</li> <li>– Continuity of LWARCEL's environmental program, giving emphasis on the program of constant visitations of the neighbors' farms. At these visitations, the neighbors are given instructions on how important it is to preserve both fauna and flora; they are also given instructions on how to behave if they eventually identify strangers in LWARCEL's properties. They are instructed to get in contact with LWARCEL so that it may take the measures necessary;</li> <li>– Instructive and warning signals are used to inform that it is forbidden to both hunt and fish.</li> </ul> <p>As a great part of activities included on this plan will happen in 2007 and 2008, this CAR will be reviewed at 2008 annual audit.</p> <p><b>Mastofauna:</b> The medium and big sized mammals that dwell in the vicinity of Rio Claro which belongs to LWARCEL is characterized by the general richness of 32 species, including three species of primates and two small sized mammals, namely preá (<i>Cavia apareia</i>) and rato d'água (<i>Nectomys squamipes</i>).  The company must preserve the fauna present in the community because it hosts some</p>	

species in danger of extinction, such as tamandua bandeira (*Myrmecophaga tridactyla*), bugio (*Alouatta guariba*), mico-leão preto (*Leontopithecus chrysopygus*), Lontra (*Lontra longicaudis*), lobo-guará (*Chrisocyon brachiurus*), raposinha-do-campo (*Lycalopex vetulus*), jaguatirica (*Felis pardalis*), onça-parda (*Puma concolor*), small felines (*Felis sp.*), cateto (*Tayassu tajacu*), paca (*Cuniculus paca*) and cutia (*Dasyprocta azarae*). The suggested presence of tapir (*Tapirus terrestris*) in the region is also an indication of how important it is to preserve this place for the conservation of this specie considered locally extinct. A great effort must be made to confirm the presence of this specie in the region. The area called Pereira seems to have an important role for the endangered species, because it has more frequent and more plentiful species concentration. The area called Turvinho II is also important because of the high concentration of species. The team has spotted the presence of mico-leão-preto (*Leontopithecus chrysopygus*) in this area. From the quantitative analysis of the footprint data, it has been established the structural index of the medium and big sized mammals for the researched period (Richness) (S), Diversity (H.e/D), Equity (J). These indexes will be important parameters to carry out the **monitoring of medium and big sized mammals** that dwell in the Turvinho region, if the same methodology and the same sample are used.

### Avifauna

Amongst the birds species found in Turvinho region, four species are included in the endangered list in the Red Book of the Endangered Bird Species in São Paulo State, three are considered vulnerable and one in danger of extinction. According to State Decree number 42.838, from February 4, 2008, the species considered as **vulnerable** are the ones with high risk of short term extinction; **endangered** are the species that may face extinction in the near future.

For both categories, this situation occurred because of great environmental alterations that caused a significant reduction of the population and due to the great decrease of the distribution area per species in a short interval of time (ten years or three generations). So, it is important to give emphasis on the works to preserve the avifauna presence in the landscape, increasing the conservation areas and improving the current conditions.

At the 2008 audit, the company introduced the reports of the researches related to the Mastofauna, avifauna and flora on Fazenda Turvinho and Nova America. The research has detected a high diversity level and the presence of vulnerable and endangered species according to IBAMA's list. These indexes are important parameters to carry out the monitoring of these species, according to CAR 2008-04.

### Auditor's Final Position:

**CAR complied**

CAR 2006-04	FSC Indicator P6 c4
<p>The company is to evaluate the situation and reclassify 50% of the Conservation area until 2007 annual audit and do the same in the remaining areas until the 2008 audit. The following classes must be considered:</p> <ul style="list-style-type: none"> <li>- Pinus, Eucalyptus.</li> <li>- Pinus, Eucalyptus and sub wood;</li> <li>- Prevailing of exotic gramineous.</li> <li>- High infestation of exotic species (Pinus, Eucalyptus).</li> <li>- Native Vegetation (classify according to the formations described on the Report of <b>Fauna and Flora Characterization</b>, including the formation of Paludosa Forest);</li> <li>- Native vegetation with infestation of liana and/ or bamboo (high, medium and</li> </ul>	

low).
<b>Company's Action / Auditor's Observations:</b>
LWARCEL has settled a partnership with Faculdade de Ciências Agronômicas – UNESP Botucatu to have support on the fauna-related research. A working protocol has been elaborated to make it easier to identify on the field the phyto-physiognomy units present in the company's property and in the subsequent stages with description of the structural, botanical and physiognomic parameters in order to define the units. According to an initial evaluation, there is no occurrence of developed Pinus/ Eucalyptus / sub forest. During the 2007 audit, it was verified that the company had already classified and mapped 85% of the certified areas. The organization presented all the maps related to the reclassified conservation areas in the 2008 audit.
<b>Auditor's Final Position:</b>
<b>CAR complied</b>

<b>CAR 2006-07</b>	<i>FSC Indicator P10 c2</i>
FMU'S above 1000 ha long (isolated or in blocks) must be planned using the watershed concept. The company must present in the 2008 audit a shallow cut annual proposal considering the sustainability of these watersheds (mosaic management). <b>Deadline:</b> First 2008 audit.	
<b>Company's Action / Auditor's Observations:</b> In the 2007 audit, it was verified that the company had been studying the possibility and the viability to introduce to SCS a shallow cut program considering the watershed sustainability. At the 2008 audit, the company introduced its adapted Harvesting Plan for the subdivision of the areas. To do that, the company has used the annual harvesting reports (originated from the Strategic Planning) and the maps of the blocks that had been previously defined. Only blocks, farms and groups of farms with a continuous plantation area bigger than 1.000 hectare have been chosen for the study. The maps have been plotted with the information related to the years of the cutting per sector, generating a thematic map of the forestry harvesting, which makes it possible to visualize the harvesting distribution throughout the next years, and consequently, the concentration of harvesting area in the same block per period. It is also possible to observe the positioning of the conservation areas (legal reserves and permanent conservation areas) in relation to the harvesting plan, making it easier to visualize the initial plan subdivision. After analyzing the thematic maps, it has been concluded that the organization can adapt its annual harvesting plan for three of the blocks analyzed. To do so, the sectors were regrouped, sometimes anticipating, sometimes delaying the cutting in a way that there would not have lack of timber. As it has been achieved, a new harvesting plan, even though it has not optimized the general costs, it provided the formation of mosaics and reduced the eventual impact in the watersheds. The first significant find was that in the harvesting plan and in the long term supply of timber from the nine blocks of continuous areas identified, only three areas had continuous cutting of near 1.000 hectare a year, indicating the company had already been working based on the blocks with older plantations, which had been altered throughout the years and present a relatively high level of subgroups, characterizing the mosaic management. However, the new planted areas are being carried out based on the availability of new land; the blocks planted more recently have portions of bigger continuous shallow cuts that must be fractionated in the long term; if the fractioning were perform now, it would cause lack of timber for some periods, and it is not economically viable at the moment. Therefore, after analyzing the results, the operational and economical limitations found,	

LWARCEL has conclude that it can commit itself to limit the continuous cutting to 1.000 hectare a year whenever it is possible, it can also fractionate the cutting area, specially in the long term, even at watershed level.
<b>Situation at the end of the audit:</b>
<b>CAR complied</b>

<b>CAR 2006-08</b>	<i>FSC Indicator P1.c7.i1</i>
The company is to show an annual report describing the stage of the Legal Reserve Registration Program, according to timetable proposed in the documentation.	
<b>Company's Action / Auditor's Observations:</b>	
<p>At the 2007 audit, LWARCEL showed a reviewed and updated Legal Reserve Registration Program. Due to the time necessary for the environmental institutions to make inspections, analysis and approve projects, the organization had to review its timetable and affirmed that it will be finished by 2028. The company has introduced four processes (four farms) for legal reservation to DPRN, which had already been inspected and are awaiting a decision from the Environmental Institute. For the other three processes, the maps had already been prepared and the company has registered it in DPRN in order to have the areas inspected. For the other two farms, the company is carrying out topographic analysis in order to elaborate maps.</p> <p>With the observations and documentation introduced, the auditor considers that, for the 2007 audit, the CAR was complied; however, it is necessary to verify the status of it in the 2008 audit.</p> <p>During the 2008 audit, the company introduced an updated and reviewed Legal Reservation Registration Program. Amongst the areas that would be expected to be included in the registration, two of them are awaiting IBAMA's process conclusion; the other areas have already been registered. The company is awaiting DPRN inspection in order to protocol the areas. At this point SCS is confident that LWARCEL is taking all necessary measures to work with IBAMA and DPRN in getting Legal Reserves properly registered. As such CAR 2006.08 is closed. SCS will continue to follow-up on this in future audits to ensure that the commitment and process continues.</p>	
<b>Situation at the end of the audit:</b>	
<b>CAR Closed</b>	

### Recommendations:

<b>REC 2006-02</b>	<b>Reference:</b> FSC P4
The company should elaborate a plan to eradicate illiteracy and improve the education level of its cooperators.	
<b>Company's Action / Auditor's Observations:</b>	
<p>The company has not elaborated a Plan / Program to Eradicate Illiteracy and Improve the Education Level of its cooperators yet because it considers that it is necessary to evaluate the literacy level of its cooperators; the company intends to do it next year.</p> <p>In the 2008 audit, the organization showed a study about the literacy level of its cooperators, who actually have the profile necessary to perform all activities. The current illiteracy level is very low and the organization will study case by case.</p>	
<b>Situation at the end of the audit:</b>	
<b>REC Complied</b>	



### 6.2.5. New Conditions (CAR) and Recommendations

Based on the result of this audit, the auditor has concluded that new conditions and recommendations are necessary to keep the continuity of the company's requested actions.

<b>Background / Justification:</b> Projects with the potential to cause impact (note: impacts can be positive or negative) in the environment and/or in the local community are occurring in the absence of a project/site level environmental impact assessment. Examples of these include conversion of cattle pasture to eucalyptus plantations, clear cutting of large blocks of Eucalyptus trees.	
<b>Major CAR 2008-01</b>	LWARCEL must develop a program to undertake site/project level impact assessments to evaluate and mitigate the social and environmental impacts of the management activities (e.g. conversion of pasture areas into planted forests, wood transportation, etc).
<b>Deadline</b>	September 30, 2008
<b>Reference</b>	Reference: FSC P6c1i1; P8c2i8

<b>Background / Justification:</b> After developing the program to undertake site/project level impact assessments to evaluate and mitigate the social and environmental impacts of the management activities Lwarcel must implement it.	
<b>Minor CAR 2008-02</b>	LWARCEL must implement the program (Major CAR 2008-01) to evaluate and mitigate the social and environmental impacts of the management activities (e.g. conversion of pasture areas into planted forests, wood transportation, etc).
<b>Deadline</b>	2009 Audit
<b>Reference</b>	Reference: FSC P6c1i1; P8c2i8

<b>Background / Justification:</b> Lwarcel achieved a minimal level of conformance with the Criteria 9.1-9.4 of the High Conservation Forest designation requirements. However, additional work is necessary under Criteria 9.2, 9.3, and 9.4.	
<b>Minor CAR 2008-03</b>	Lwarcel must conclude the process of identification of High Conservation Value Forests, including Stakeholder Consultation. Once the attributes are identified, the company must arrange risk assessment and develop a program to mitigate these risks. The company must monitor to ensure that the HCV attributes are being maintained.
<b>Deadline</b>	2009 Audit
<b>Reference</b>	FSC P9c2i1; P9c3i1; P9c4i1 Principle

<b>Background / Justification:</b> LWARCEL has finalized the program of fauna and flora characterization in cooperation with UNESP (Universidade Estadual Paulista). During the audit, it presented the reports of the research carried out on Fazenda Turvinho and Nova America Mastofauna, avifauna and flora. The researches detected, beside the high level of diversity, the presence of vulnerable and threatened species, according to IBAMAS's list. These indexes are important parameters for the next stage, i.e., the monitoring of these species.	
<b>Minor CAR 2008-04</b>	The organization is to introduce a Fauna and Flora Monitoring Program for Fazendas Turvinho and Nova América
<b>Deadline</b>	2009 Audit
<b>Reference</b>	Reference: FSC P6 c1 e c2

## Recommendations

<b>Background / Justification:</b> The company prepared a Management Program for Pests and Diseases in 2005. However, this plan is very generic and isolated measures have been adopted without integration which may jeopardize the results.	
<b>REC 2008-01</b>	The company must formalize the Pest and Diseases Management Integrated Program; it must develop a more detailed program with measures and specific deadlines.

### 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  
2200 Powell Street, Suite 725  
Emeryville, California, USA94608

Email: [rhrubes@scscertified.com](mailto: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.