

**Forest Management and Stump-to-forest Gate Chain-Of-Custody Recertification
Evaluation Report For:**

**MADEPAR INDÚSTRIA E COMÉRCIO DE MADEIRAS
IN SANTA CATARINA STATE – BRAZIL**

Conducted under the Auspices of the SCS Forest Conservation Program

SCS is an FSC Accredited Certification Body

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC -00048P**

Submitted to:

MADEPAR Indústria e Comércio de Madeiras Ltda.

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Date of Report: December 20, 2007

Recertification date: January 6, 2008

BY

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Organization of the Report

This report is a result of evaluation carried out by the FSC auditors and it 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 administrative and management programs and the plan of action regarding the forests as well as the results of the evaluation. Section A will be posted on the SCS website (www.scscertified.com) for at least 30 days after recertification. Section B contains more detailed information for the use of the company.

Partial Recertification Process

Recertification process of MADEPAR Indústria e Comércio de Madeiras Ltda, located in Santa Catarina State, Brazil, with a total area of 5,416.44 ha, 3,241.72 ha being planted with Pinus, 21.97 ha with Eucalyptus, 2,002.36 ha of conservation area and 150.39 ha of infrastructure.

FOREWORD

SCS -Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was commissioned by MADEPAR Indústria e Comércio de Madeiras Ltda to conduct the recertification process of its forests located in Santa Catarina State. According to the FSC/SCS certification system, forest management operations that meet the international standards for forest management can be certified as “well managed” and, thereby are eligible to use the FSC logo in the marketplace.

In October 2007, an interdisciplinary team of natural resource specialists was assigned by SCS to conduct the evaluation. The team collected and analyzed documents, conducted interviews and completed a four-day field and office audit of the subject property as part of the evaluation for recertification. Upon completion of the fact-finding phase, the team concluded that the company meets the 70 FSC criteria, so that recertification is recommended.

This report is issued in support of a recommendation to award FSC-endorsed recertification to MADEPAR Indústria e Comércio de Madeiras Ltda, for the management of its natural forests in Santa Catarina State, As detailed below, a few conditions (also known as Major Corrective Actions) were highlighted by the evaluation team upon completion of the field audit and were handed to MADEPAR. The company accomplished all corrective actions prior to the closing of this report, as verified by SCS. In case recertification is awarded, SCS will post this public summary on its website (www.scs-certified.com).

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SECTION A – PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 – DATA REQUIRED BY FSC

Certified company	MADEPAR - Ind. e Com. de Madeiras Ltda.	
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Phone/Fax:	+55 (49) 3251-0699 Fax +55 (49) 3226-0075	
Email:	madepar@madeparddoors.com	
Web page:	-	
Certification type:	Multiple FMUs, but a single forest management plan.	
Number of FMUs	21	
Number of evaluated FMU under 100 ha	06	
From 100 to 1,000 ha	14	
From 1,000 to 10,000 ha	01	
Over 10,000 ha	N/A	
Location of forest to be certified		
Latitude	Lat 27° 11' 64" S	Lat 28° 33' 45" S
Longitude	Long 49° 48' 92" W	Long 50° 76' 08" W
Forest Region	Subtropical	
Total forest area included in the FMU	5,416.44 ha	
Less than 100 ha	391.13 ha	
100 to 1,000 ha	4,344.07 ha	
1,000 to 10,000 ha	1,073.57 ha	
Over 10,000 ha	N/A	
Land tenure	(25%) own and (75%) leased	
Number of workers (including contractors) working in the forest within the scope of the certificate	28 direct employees 85 workers from companies contracted out for field work	
Protection forest area which is set aside and managed, preferentially, for conservation	2,002.36 ha	

purposes objectives	
Area of forest classified as of high conservation value	N/A
List of high conservation values present	N/A
Productive forest area	3,263.69 ha
Productive forest area classified as “plantations” for the calculation of the Annual Accreditation Fee (AAF)	3,263.69 ha
List of commercial timber included in the scope of the certification (botanical and popular names)	<i>Pinus elliottii</i> – <i>Pinus taeda</i> – <i>Eucalyptus benthamii</i>
Approximate annual volume authorized for harvesting	50,000 m ³ of logs/year
List of product categories included in the scope of the joint FM/COC certificate that, therefore, can be sold as FSC-certified products	Pine sawlogs and small sawlogs

1.2 FOREST MANAGEMENT CONTEXT

The management of native forests, developed by MADEPAR in its areas in Santa Catarina State, is subject to the state and federal regulations applicable to the activity. The following regulations must be complied with:

Pertinent Regulations at the federal level:

- a. Brazilian Forestry Code (Law Nr. 4771/65) and corresponding regulations.
- b. Provisional Measure 2.166-67 of August 24, 2001, which alters Law 4.771/65 (Forest Code).
- c. National System for Conservation Units Regulations (Law 9.985/2000)

Pertinent regulations at the state level:

- a. Issuance of invoices, when products are sold

Pertinent Regulations at the local level:

- a. ISSQN (municipal service tax) payments, when third party services are used.

In addition, all work-related tax payments at the federal level are mandatory, including:

- a. Social security payments
- b. FGTS (Government severance pay indemnity fund) payments
- c. Labor Union fees (Union dues)

1.2.1 Environmental Context

MADEPAR’s areas are located in the municipalities of Lages, Correia Pinto,

Painel, Campo Belo do Sul, Bocaina do Sul, Bom Retiro, Taió and Otacílio Costa in Santa Catarina State, and Vacaria in Rio Grande do Sul State.

According to the Agroecologic and Socio-economic zoning of Santa Catarina, the state has five big landscape units and eleven agroecologic zones or sub regions.

MADEPAR'S FMUs are located in the following agroecologic zones: 2A, called Alto Vale do Rio Itajaí, with 10,483.5 km² of surface area and 11% of the Santa Catarina territory. 3 A is called Vale do Rio do Peixe and Planalto Central, with an area of 19,045.8 km² and 20% of the territory. 4A is known as Campos de Lages. This agroecologic zone has of 9,768.5 km² of surface area and occupies 10.2% of the SC state territory.

Rio Grande do Sul developed, through its environmental inspection organization (FEPAM), a document called *Zoneamento Ambiental para Atividades de Silvicultura* (Environmental Zoning for Silvicultural Activities). Through this zoning, the state was divided into Natural Landscape Unit. In each unit, the set of environmental characteristics began to rule the silvicultural use of soil.

Unlike Santa Catarina, Rio Grande do Sul still does not have its agroecologic zoning established; therefore the data related to this state will be described based on other research sources.

Presently, MADEPAR's FMUs located in Rio Grande do Sul are concentrated in the Vacaria municipality, in the northeast region of the state, known as Campo de Cima da Serra, at the Santa Catarina limit, between the Pelotas and Antas rivers. In the Natural Landscape Unit called PM5 and PM8.

PM5 corresponds to the region of altitude fields located in the vast grassland plateau, between municipalities Machadinho and Vacaria. The vegetation type is grassland with gallery forests and spots of Topography is slightly wavy, where the altitudes vary between 600 and 1000m, presenting soil from intermediary South Brazilian Oxyisol to Dusky-red Latosol, Inceptisol. The field ecosystem is considered as the landscaping matrix and this unit is made up of municipalities where there is intense agricultural activity. Besides cattle-breeding, having been present for at least 200 years, soy, corn, fruit (apples, grapes, citric fruits) and yerba mate (*Ilex paraguariensis*) cultivation is a highly developed activity.

PM8 corresponds to the plateau region of the grasslands made up of Rio Pelotas shaped carved valleys, whose vegetation is constituted mainly of Ombrophilous mixed forests, with altitudes between 600 and 1000m and considerably wavy topography, where the valleys can be easily seen, having soil of litholics and eutrophic types.

1.2.2 Socio-economic context

MADEPAR'S forest management units are located in the Planalto Serrano and Alto Vale do Itaraí-açú region, in Santa Catarina state, in the municipalities of Lages, Correia Pinto, Campo Belo do Sul, Bom Retiro, Otacílio Costa, Painel, Bocaina do Sul and Taió, and the municipality of Vacaria in Rio Grande do Sul state.

The occupation process of the region started in the 18th century by people who left Sao Paulo State to look for land in Rio Grande do Sul for cattle-breeding activities. The region served as a route used by these migrants, being a place where they could sleep over but with time the region became villages.

The settlement of the region also is a result of the migratory process due to agriculture expansion in Rio Grande do Sul Southern migrants, as well as those from Santa Catarina, also joined this migratory movement later on.

The expansion of the properties in Campos de Lages and Curitiba, the village populated with Rio Grande do Sul and Santa Catarina people that came with the Farroupilha Revolution (1835) and Federalista Revolution (1893) and mainly, with the installation of the railroad from Sao Paulo to Rio Grande (beginning in Santa Catarina – 1908), whose land was later granted to railway company “Brazil Railway Co”, and settled by its subsidiary “Brazil Development & Colonizations” and other companies, divided the area in small lots in the Rio do Peixe Valley.

1.3 FOREST MANAGEMENT ENTERPRISE

1.3.1 Land use

The areas surrounding MADEPAR are made up of small and medium-sized properties, spread out in several municipalities in the South Center of the Santa Catarina state extending over to the north of the Rio Grande state. Land possession is calm and peaceful and no meaningful problems regarding relationship between neighbors and company are observed. There are no relevant socio-environmental impacts, as one can observed in the documents related to the Public Consultation process.

1.3.2 Land Outside Scope of Certification

MADEPAR ~~is going through an expansion process for its forest areas, which must be included in the future management plan. The company~~ requested to remove from the certification scope two leased farms with planted forests (Batalha and Roncador), because they are being negotiated.

1.4 MANAGEMENT PLAN

1.4.1 Management objectives

The objectives of the subject forest management operation are:

- Implement and manage forests for multiple uses;
- Sell forest products to the market (small sawlogs and pulplog) and;
- Supply wood to the MADEPAR’s mill with logs (sawmill and door manufacturing).

In order to meet the company's policies, the following guidelines have been established:

- Comply with the Brazilian laws, international treaties and agreements signed by the country, besides complying with all the FSC principles and criteria;
- Define, document and legalize the long-term the land possessions and the rights for use of land from forest resources;
- Recognize and respect the legal and constitutional rights of local communities to own, use and manage their land, territories and resources;
- Keep or improve, in the long term, the social and economic welfare of forest workers and local communities;
- Encourage the efficient and optimized use of the multiple products and services originated from forests in order to guarantee the economic viability, as well environmental and social benefits;
- Conserve the ecological diversity and its associated values, the hybrid resources, soils, frail ecosystems and singular landscapes;
- Implement the Management Plan through clear definition of the means and deadlines to fulfill its objectives as well as periodic revisions;

1.4.2 Forest Composition

The Forest Management Units are distributed as follows:

FMU	Municipality	State	Total Área (ha)	Planting (ha)
Bandeirinhas	Correia Pinto	SC	350,23	253,67
Barra dos Índios I	Correia Pinto	SC	280,89	222,23
Barra dos Índios II	Correia Pinto	SC	74,45	56,66
Cachoeira	Bocaina do Sul	SC	273,60	137,35
Cambará	Bom Retiro	SC	177,27	90,24
Della Giustina	Vacaria	RS	396,66	225,78
Dois Irmãos	Bocaina do Sul	SC	61,29	47,45
Farofa	Painel	SC	51,71	7,51
Manfredi	Campo Belo do Sul	SC	767,72	445,21
Mangueirinha	Bocaina do Sul	SC	106,88	72,94
Morros Altos	Campo Belo do Sul	SC	300,91	209,60
Pinheiro Torto	Vacaria	RS	88,14	44,28
Rancho das Tábuas	Lages	SC	27,94	20,66
Ribeirão das Pedras	Taió	SC	109,44	52,32
Rio Dois Irmãos	Bocaina do Sul	SC	105,45	75,44
Santana	Vacaria	RS	484,70	111,44
Santo Antônio Caveiras	Painel	SC	183,75	95,68
Segredo	Lages	SC	144,56	130,88
Socorro	Vacaria	RS	1.073,57	713,65
Taquari	Bocaina do Sul	SC	270,88	186,20
Vila Velha	Otacílio Costa	SC	87,60	64,50
TOTAL			5.417,64	3.263,69

1.4.3 Silvicultural System

The silvicultural system adopted is monocycle with uniform ages by stand, having pruning, thinning and clearcuts being performed at certain ages according to site, trying to maximize the wood volumes produced.

1.4.4 Management System

MADEPAR presently owns areas planted with *Pinus taeda* and *Pinus elliottii*. The new planting areas or reformation areas are being planted with *Pinus taeda* because this species fits in and develops better in the company's Forest Management Units.

Production management (harvest) is carried out through thinning, systematic and selective in first thinning, selective in second and third thinning preparing the best and most productive trees of the population for clearcut. The management description is shown in the table below.

Intervention	Age	Type	Remaining trees/ha
1 st thinning	8 to 9 years	Systematic – 10 th row + selective	1,100
2 nd thinning	12 to 13 years	Selective	650
3 rd thinning	16 to 17 years	Selective	350
clearfelling	22 years	Total clearfelling	Zero

PRUNING

Aiming to obtain a product of higher added value, pruning is performed for the first time at the time the canopy has totally closed. It is performed mainly to form straight trunks with no knots, improving the quality of the wood to be produced.

Normally, 3 prunings take place in the stand cycle:

- First thinning: normally performed between 3 and 4 years of age and it covers 100% of the trees at 50% of height, that is, between 1.8m to 2.7m.
- Second thinning: normally performed between 5 and 6 years of age and it is done on 1.200 trees per hectare at 50% of the height of the green branches, which is 3.5m to 4.5m.
- Third pruning: normally performed between 7 and 8 years of age and it is done only on the 1.200 trees that had already been pruned, at 50% of the height of the green branches, which is 5.5m to 6.5m.

ANNUAL PLANTING PROGRAM

The Annual Planting Program has been designed to meet the company's commercial needs, as well as comply with the laws and regulations. This program includes the execution of parallel actions, that is, the execution of the Plan to Recover Permanent Preservation Areas, the Exotic Species Elimination Program in Conservation Areas and the Road Conservation Plan.

The Annual Planting Plan has been developed according to the area available, originated from clearcut of adult forests and farms purchased or leased from third parties for planting purposes.

ROAD CONSERVATION PLAN

The Road and Firebreak Conservation Plan is being carried out in conformance with the Annual Planting Plan and as removing wood is necessary. The Annual Plan is carried out so as to create proper conditions for the wood removal and transport, correcting possible problems that might take place when it comes to soil conservation. Overall, the roads are in good conditions and do not show signs of active erosions.

ENVIRONMENTAL MANAGEMENT PLAN

The Environmental Management Plan, according to the company's guidelines, must assure that the pertinent regulations are complied with, as well as seek to conserve the ecologic biodiversity and its associated values.

PERMANENT PRESERVE AREA RECOVERY PLAN

This plan commits to comply with the forest regulations as for distances to be respected around the headwaters, rivers and streams next the company's forests so as a permanent preservation area can be maintained. The FMUs that had been planted since 2002 had their Permanent Preservation Areas adjusted to Brazil's forest and environmental laws. In the planting areas, identification and demarcation of the Permanent Preservation Areas are carried out by placing stakes in the field area according to the company's operational procedure, this way avoiding planting *Pinus* in areas protected by law.

In the areas planted before 2002, the Permanent Preservation Areas are being restored as the clearcut operations develop.

PROGRAM TO REMOVE PINUS FROM PPAs

The main purpose of this program is to restore the environmental values of the Permanente Preservation Área and other areas protected after clear cut is performed on the planted forest.

In 2006, agreements were made between ACR (Santa Catarina Reforesters' Association), the Public Attorney's Office and FATMA (Environment Foundation of Santa Catarina), to regularize the commercial forests planted in protected areas, before 2002. Negotiations are still open and Madepar is awaiting decisions.

Madepar owns approximately 127 ha of *Pinus* forests in Permanent Preservation Areas, planted before 2002. the company will do the final cut according to its harvest program.

Since July 2001, all Conservation areas have undergone intervention in order to preserve their characteristics, through elimination plantings improperly positioned and regeneration of exotic species. The Permanent Preservation Areas, Legal Reserve and Private Reserve of Natural Heritage will be included in this plan. Clearcut procedures will be adopted on the areas planted in Conservation Areas and those stands will be relocated.

FAUNA AND FLORA MONITORING

The Fauna and Flora Monitoring Plan is being conducted in two ways: forest fragments of the FMU is chosen for diagnosis and a proposal is presented for management of landscape and also for monitoring the flow of avifauna in the Morros Altos FMU.

At Cambará FMU, the purpose of this work is to diagnose the remaining native forest fragments so as to identify the factors that affect its composition and structure and propose management procedures to maximize its reorganization dynamics, its increase in resilience and contribute to the landscape balance and diversity.

The floristic and phytosociological analyses of Morros Altos FMU, carried out in 2002/2003, showed that the forest fragments went through a high level of anthropization, because there are few *Araucaria* individuals, since it is a mixed Tropical Forest. These fragments on a medium stage of regeneration. In the fauna study, the presence of several bird species is noted, with important characteristics as for the ability to spread seeds.

1.4.5 Monitoring system

MADEPAR carries out monitorings for the following activities:

Forest Monitoring

- Forest pests such as:
 - Pine aphid (*Cinara spp*)
 - Leaf-cutting ants
 - Wood wasp (*Sirex noctilio*)
 - Armillaria on pinus
 - Powderpost beetles on pinus
- Fires
- Forest Inventory
- Costs
- Lumber preparation

Socio-environmental monitoring

- Flora and Fauna
- Chemical pesticides
- Incidents involving the community.
- Workplace accidents: With or without time loss, involving own personnel or workers from service providing companies;
- Labor Turnover.
- Compliance with the labor and tax laws by the outsourced companies.
- Areas worked on per year in the Pine Elimination Program in Conservation Areas.

1.4.6 Estimate of Maximum sustainable Yield

Madepar prepares its long-term planning based on the sustainability and it seeks to increase the supply of its own wood so as to supply its industrial unit, decreasing the level of dependency on other companies.

1.4.7 Estimated, Current and Projected Production

Management of the forests according to the FMU previously described and the program for new planting operations must guarantee the production sustainability, with an average production of 50,000 m³/year.

Year	2008	2009	2010	2011	2012
Production potential m ³	51,819	45,767	56,853	40,694	62,535

1.4.8 Chemical Pesticide Use

The table below shows a list of the pesticides used by MADEPAR in its forests. The company respects the use limitations suggested by the FSC and submitted a pesticide derogation requests to the FSC so ant poison Fipronyl and Sulfluramida can be used.

There are detailed procedures for the use of each product and Madepar forecasts it will incorporate new products in its forest practices. In the procedures, the prohibition on the use and/test of pesticides that contain any of the chemicals prohibited by FSC is also described.

Application is done in a controlled way. The forest workers are trained to perform application and they use all the safety equipment required for the job. The entire application is carefully carried out so as to reduce risks of damage to the workers' health as well as the environment.

Table: List of pesticides used

<i>Trade name</i>	<i>Active Principle</i>	<i>Toxicological Class</i>	<i>Action</i>
Blitz F	Fipronyl	IV – Rather Toxic	Ant poison
Mirex	Sulfuramida	IV – Rather Toxic	Ant poison
Scout N.A	Glyphosate	IV - Rather Toxic	Post emergent herbicide

2.0 GUIDELINES/STANDARDS EMPLOYED

Madepar was assessed against the SCS Interim Standard for the Certification of Plantation Forest Management in Brazil, November 2007, Version 1.0. The standard is largely based on the FSC s-used in the certification process of MADEPAR were the principles, criteria and indicators defined by the-Brazil Plantation Standard Working Group for the Forest Management of Forest Plantations (version 9.0), which- was approved by FSC Brazil, but has yet to be approved by FSC International. was approved by the International FSC Directors Council in October, 2004 The standard can be found at http://www.scs-certified.com/forestry/forest_programmat_fm.html. ; adapted by SCS in 2007. They can be found on the FSC Brazil official web page: www.fsc.org.br

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 ASSESSMENT DATES

- Field audits from October 15 to 18, 2007

3.2 ASSESSMENT TEAM

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).

Dr. Marcelo Maisonette Duarte: Biologist with a Master's and Doctorate Degree in Ecology and Natural Resources. He is a researcher for the Museu de Ciências Naturais, an organization of the Zoo botany Foundation of the Rio Grande do Sul State. A University Professor for 15 years, currently teaching Environmental Management and Social Responsibility and also Ecology at FACCAT, Faculdades Integradas de Taquara, where he coordinates Environmental Education projects. He is the head editor for two scientific magazines: INERINGIA, in the zoology area and Colóquio Magazine. Marcelo is a counselor for CONSEMA, environment state council in Rio Grande do Sul and CECA-RS. He coordinates a research group for cinegetic fauna in Rio Grande do Sul. Dr. Marcelo coordinated the execution of the Management Plan for several conservation and full protection units. He has also been a consultant for agrosilvicultural enterprises in the south of Brazil.

Pablo Vieitez Garcia: Forest Engineer (University of São Paulo-USP), has more than 25 years of professional experience in silviculture, harvest and forest management. Having worked as a forest manager for 10 years, Pablo was responsible for the forest asset management for a large private company, being responsible for an area of 90,000 hectares, being 67,000 hectares planted with eucalyptus and pinus. He was also responsible for supplying a cellulose plant with a total annual consumption of 2 million m³. Pablo managed a team of forest engineers and technicians, being in charge of the Strategic Planning, Operational Planning, Execution and Control of the Silviculture, Management, Harvest and Industrial Supply activities, adding socio-environmental management processes to production management, with the implementation of the ISO 14000 and FSC certifications. He has also worked as an independent consultant for work involving environmental certification, forest technology and administrative management.

3.3 ASSESSMENT PROCESS

The assessment process for Recertification of MADEPAR's planted forests began through the Public Consultation that took place in September, 2007. FSC and several local, regional and national environmental, social and economic institutions were invited either through regular mail or electronic mail. Because of the results obtained in the public consultation, which indicated that the company has no problems with the community or the local representative organizations, and also because of the small size of the management units and their distribution, the public meeting was not held.

The multidisciplinary team of auditors specialized in the forest, environmental, economic and social areas began their work by analyzing documents and formal procedures related to the forest management. In the field work, all the auditors checked the operational procedures for forest harvesting, planning, clearfelling, transportation and work safety, and evaluating environmental aspects, following the itinerary shown below.

On the last evaluation day, the auditors met in order to analyze the information collected during the field work and see if it is in accordance with the Principles, Criteria and Indicators defined by the FSC Certification Standards. At the end of the audit process, a number of Major CARs and CARs that the company should complete within the specified deadline, which were presented to the company's direction and technical crew in the final meeting.

3.3.1 Itinerary

Areas visited by the auditors

Date	Districts and Farms	Region	Auditor
10/15/2007	FMUs: Socorro, Pinheiro Torto, Santana, Della Giustina, Roncador e Batalha (removed from the certification scope)	Vacaria	Pablo and Marcelo
	Fazenda Santo Antônio das Caveiras; Farofa, Rio dois irmãos, Fazenda Dois Irmãos and Fazenda Segredo; Secretaria do Meio Ambiente de Lages (Lages Environment Office), Rural Workers Union.	Painel Bocaina do Sul Lages	Vanilda
10/16/2007	Analyses of documents and monitoring of the lumber production management.	Headquarters/Lages	Pablo
	FMUs Vila Velha and Bandeirinhas, Environmental Education Project at Núcleo Escolar Adília Matias Faria.	Otacílio Costa, Correia Pinto	Marcelo

	Office: Analyses of documents (Legal Reserve, PPRA (Environmental Risks Prevention Program); PCMSO (Medical Control and Occupational Health Program), land documents, work safety management plan, accident statistics, occupational medicine program, occupational health statements, social programs, training programs and third party monitoring system.	Headquarters/Lages	Vanilda
10/17/2007	Fazenda Rancho de Tábuas; Barra dos Índios I and II. Analysis of the forest operations regarding the living conditions of the camp and the work safety conditions; planning, harvesting, bucking, skidding loading, NR 31, FATMA (Environment Foundation)	Lages Otacílio Costa Correia Pinto	Vanilda
	FMUs: Manfredi, Bandeirinhas, Vila Velha, Cambará and Rancho de Tábuas.	Campo Belo do Sul, Correia Pinto and Otacílio Costa	Pablo
	FMUs Barra dos Índios II, Rancho de Tábuas, Visit to FATMA (state environmental organization in SC)	Correia Pinto, Bocaina do Sul, Lages	Marcelo
10/18/2007	Evaluation of MADEPAR'S performance and presentation of results.		All auditors

3.3.2 Evaluation of Management System

Social aspects were evaluated, as usual, based on both primary and secondary data related to the various local and regional civil society representatives, as well as environmental and forestry public institutions. Also, attention was paid with regards to working conditions , including safety, training, transportation, meals, payments, tax collections, and compliance with the law. Interviews were conducted with the company's own employees and with employees of service providing companies. Special care was taken in relation to interviews with local and institutional leaders, with neighbors of the company and representatives of the population that live near MADEPAR's areas.

In order to analyze environmental aspects, visits oriented to the above listed districts and FMUs were made, in which the cartographic material provided by the Company was identified and inspected, and checked on its 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 pine 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 important to point out that great effort was made to visit the highest number possible of sampling areas, identifying the “non compliances” described and discussed ahead.

The areas visited during the field evaluations were selected by auditor Vanilda Shimoyama, including those where forest operations occurred, such as first and second thinning, clearcutting, skidding, manual and mechanic bucking, transport, soil tillage, ant control, waste cleaning, and pruning. Road maintenance for timber transport and firebreak cleaning for fire preservation were also evaluated.

3.3.3 Selection of FMU’s to Evaluate

AUDITOR	FARMS (FMUs)
Vanilda	Fazenda Santo Antônio das Caveiras; Farofa, Rio dois irmãos, Fazenda Dois Irmãos; Fazenda Segredo; Fazenda Rancho de Tábuas.
Pablo	Socorro, Pinheiro Torto, Santana, Della Giustina, Manfredi, Bandeirinhas, Vila Velha, Cambará and Rancho de Tábuas
Marcelo	FMUs Socorro, Pinheiro Torto, Santana, Della Giustina, Vila Velha, Bandeirinhas, Barra dos Índios II and Rancho de Tábuas. FMUs Roncador and Batalha were visited, however, they were removed from the scope.

3.3.4 Sites Visited

Table below is presented the main reasons for the visits to the different FMUs by the auditors. Due to the scale and size of the properties, the silviculture and harvesting activities are reduced to two or three at the same time. Where there were no human activities, special attention was given to the protection conditions and observation of the FMU’s general state regarding soil conservation and state and conservation of Permanente Preservation Areas and Legal Reserve.

Municipalities	REASON
Vacaria	Protection of FMU (identification and signs), general evaluation of the Permanent Preservation Areas (conservation, integrity, exotic species invasion), general conditions of the pine plantations and soil conservation, road net conservation and maintenance. The conditions of the camp, storage and handling of chemical

	products, returning of packaging, waste management program and final destination of the waste were also evaluated
Lages	Harvesting, removal, loading and transport of logs to supply the MADEPAR's sawmill. Sales of wood to other customers. Evaluate the status of conservation area Samples and forest roads. Interviews with MADEPAR's employees and service providers, work safety. Transport conditions and workers' camps were also evaluated.
Otacílio Costa Campo Belo do Sul Correia Pinto	Protection of FMU (identification and signs), general evaluation of the Permanent Preservation Areas and Legal Reserves, general conditions of the pine plantations and soil conservation, road net conservation and maintenance. The conditions of the camp used when there are operations in this area were also evaluated. Analysis of the forest operations regarding the living conditions (camps), work safety, planning, harvesting, bucking, skidding, loading, NR 31. Interview with own employees and outsourced companies' workers and administrators. Evaluation PPA recovery projects (mainly techniques of nucleation and spontaneous regeneration of riparian forests.
Painel Bocaina do Sul	Evaluation of the road net conditions, conservation of the forest stands and native forest fragments, program to eliminate exotic species from conservation areas.

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 in appendix 1). The consultations were done through interviews with local leaders and representatives of several segments of society in Lages, Vacaria, Otacílio Costa, Correia Pinto e Campo Belo. Among those interviewed were union leaders, representatives of public institutions, private organizations, political leaders and member of the surrounding communities.

The main purpose of the consultations was:

- To ask for opinions from affected parties about the strengths and weaknesses of MADEPAR as well as the nature of the interaction between the company and surrounding communities.
- To inquire if the people responsible for the company's forest management did consult the affected parts to identify any high forest conservation area.

The main stakeholders in this evaluation were identified based on SCS data base, on the results of a list presented by the company, through research in other sources, and

also through the FSC Brazil stakeholder lists. The following groups were defined as main interested parts:

- Company's employees, including management and field staff
- Third party workers
- Landowner Neighbors
- FSC Brazil members
- Local and regional members of Environment NGOs
- Local and regional members of Social NGOs
- Company's log buyers
- Federal, state and municipal Environment Organizations(licensing, inspection)
- Other relevant groups

The evaluation team contacted organizations and individuals of the main interested parts. Overall, 2 organizations or individuals answered the evaluation sent through e-mail, and 2 organizations or individuals answered through regular mail and others through personal interviews (see item 3.3.5.3 the summary of the comments). The Public Consultation Questionnaire and invitation letter were mailed or e-mailed to 55 organizations and individuals, describing the certification process and giving them the opportunity to make their comments (Appendix 2). The organizations and individuals that made comments and permitted that their names be published in the report, as well as those who were contacted but made no comment are listed in Annex 2.

3.3.5.1. Model – Stakeholder Consultation

CONSULTA PÚBLICA

Re-Certificação FSC das Florestas Plantadas

Municípios de Lages, Otacílio Costa, Correia Pinto, Campo Belo e Painel (SC) e
Vacaria (RS) – Empresa MADEPAR

A **SCS** – Scientific Certification Systems (www.scs-certified.com) – entidade credenciada pelo **FSC** (*Forest Stewardship Council* – Conselho de Manejo Florestal) para a Certificação Florestal vem, através desta, realizar a **Consulta Pública** para dar prosseguimento ao Processo de Re-Certificação Florestal, requerida pela MADEPAR, que desenvolve manejo de florestas plantadas nos municípios de Lages, Otacílio Costa, Correia Pinto, Campo Belo (SC) e Vacaria (RS). A área total de manejo corresponde a 5.417,64 ha.

As florestas da Madepar foram certificadas em 2002 e tem como principal finalidade abastecer a fábrica de portas da empresa localizada em Lages (SC). Trata-se de áreas próprias e arrendadas. Como resultado de suas operações, a Madepar, que administra o manejo, gera 550 empregos diretos e 1.200 empregos indiretos, através de prestadores de serviços, nas áreas de silvicultura, colheita de madeira, planejamento e pesquisa florestal. Além dessas atividades, a empresa desenvolve, no campo institucional, parcerias com instituições de pesquisa e universidades do Paraná, Santa Catarina e Rio Grande do Sul, bem como mantém um Programa de Educação Ambiental voltada à população em diversas unidades florestais.

A formação dominante é de floresta ombrófila mista, conforme o RADANBRASIL é de Estepe ou dos Campos Gerais Planálticos, entremeados por Floresta Ombrófila Mista. Atualmente estas áreas estão bastante antropizadas. Localizada em diferentes áreas nos Planaltos das Araucárias, a Estepe Parque (Campo Sujo ou Parkland), apresenta fitofisionomia formada basicamente por nanofanerófitos freqüentes e dispersos regularmente. O estrato graminoso é dominado pelo capim-caninha (*Andropogon lateralis*) entre outras. A floresta ombrófila mista, a qual é uma floresta com um estrato superior dominado pelo pinheiro-brasileiro (*Araucaria angustifolia*), podendo chegar a uma altura de 35-40m.

O processo de Certificação FSC prevê a participação da **sociedade civil**, através da Consulta Pública, sendo que a Certificação Florestal pressupõe o exercício pleno da cidadania de indivíduos e instituições direta e indiretamente interessados no assunto. Da mesma forma, a requerente deverá desenvolver seu manejo florestal em conformidade com os Princípios e Critérios do **FSC**, o qual pressupõe que a empresa deva promover um manejo **socialmente justo, ambientalmente adequado e economicamente viável**.

O objetivo desta Consulta é colher sugestões e preocupações que devem balizar os trabalhos da auditoria de campo, que avaliará como se desenvolvem os manejos florestais nos aspectos **social, legal, ambiental e econômico**. Essa avaliação de campo será realizada por uma equipe multidisciplinar de auditores, no período compreendido entre os dias 15 e 18 de Outubro de 2007. Deste modo, sua participação mostra-se relevante, a fim de que todos possam manifestar suas preocupações, comentários, sugestões, críticas ou apresentar novas evidências que possam ser úteis ao processo de Re-Certificação da área.

Caso seja de seu interesse, encontra-se em anexo um Questionário a ser preenchido por V. Sa., sendo que ele deverá ser enviado ao seguinte e-mail: vanilda.shimoyama@gmail.com.br ou ainda, se preferir, ao fax: **(0xx43) 3535-4906**. Além disso, se porventura houver interesse em obter maiores detalhes acerca dos *Padrões de Certificação do FSC para Manejo Florestal em Plantações Florestais no Brasil*, esse documento pode ser obtidos no *site* do FSC (www.fsc.org.br), no item “Padrões de Certificação”, onde é possível fazer o seu *download* (em formato Word) gratuitamente.

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

Atenciosamente.

Vanilda Shimoyama
Representante da SCS no Brasil

3.3.5.2. Model – Stakeholder Consultation Questionnaire

PUBLIC CONSULTATION QUESTIONNAIRE

Recertification of plantation forest management (Santa Catarina and Rio Grande do Sul areas)
MADEPAR

Name												
Institution												
<i>Address for Contact</i>												
ZIP:							-				<i>E-mail</i>	
<p>1. Do you know MADEPAR Company? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. Would you have any comment to make about MADEPAR company? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>3. What would be the comments?</p>												
<p>4. Are you aware of any particular aspect in their areas which would have ecologic importance? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>5. Which would be the areas (where they are located) and which are the characteristics that make them important for conservation?</p>												
<p>6. Is there any aspect with regard to the environment that you consider to be worthy of attention in the field assessment? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What would be this(these) environmental aspect(s)?</p> <p>6.1 _____</p> <p>6.2 _____</p>												
<p>7. Is there any aspect in the social area that you consider to be worthy of attention in the field assessment? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What would be this(these) social aspect(s)?</p> <p>7.1 _____</p> <p>7.2 _____</p>												
<p>The present questionnaire has the objective to let citizens from all backgrounds and interests, or representatives from institutions that represent the civil society, to participate actively in the process of FSC Forest Certification. Thus, we request that this questionnaire be sent to the following E-mail: Vanilda.shimoyama@gmail.com . If you prefer, it can be sent to the following fax: (0xx43) 3535-4906. We would appreciate if you could publicize this questionnaire to those who, in your opinion, can contribute to the process.</p>												
<p>OBS.: a) The identity of the contributors that make observations in this questionnaire will not be exposed in the documents of the Certification Process. b) The participation of interested parties in this Public Consultation does not imply any co-responsibility in the Certification Process.</p>												

3.3.5.3 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

Social Concerns

- There were no social concerns [or comments](#)

Economic Concerns

- There were no economic concerns [or comments](#)

Environmental Concerns

- MADEPAR reforestation processes were not evaluated by the Municipal Environment Office, which is a requirement of Complementary Municipal Law of June 2, 2004, chapter XV, art.51.

Response: The institution that authorizes silviculture activities in SC is FATMA, whose Normative Ruling IN-20 (Forestation and Reforestation of arboreous species for areas over 50 ha) requires a “Declaration from the town hall stating if the activity is in accordance with the municipality legal and administrative rulings”.

The Municipal Complementary Law mentioned above refers to Lages municipality and dates of June 2, 2004. MADEPAR’s FMUs in Lages are: Segredo with plantings of 1993, 1994 and 1996 and Rancho de Tábuas, with plantings of 1981. These are the reasons why evaluation of reforestation processes by The Lages Environment Municipal Office is not applicable.

- Revaluation of the Permanent Preservation Areas. Environmental preservation areas such as headwaters, swamps, hill tops and slopes are not respected, Federal Law 4771.

Response: The most recently planted areas visited are in accordance with regulations. Regarding the older planted areas, efforts are being made by the company to correct any problems. There’s a need to tie the program to remove trees and recover APPs to a plan approved by FATMA, Santa Catarina environmental organization. The properties located in RS, because they represent new planting, do not present these problems.

Areas protected by law, planted with commercial forests, are registered in maps and they are given special attention when they are harvested. Still, they are included in the company’s recovery program for natural areas. After clearcutting of the planted forest, these areas will be recovered through management techniques. There are written procedures for management and definition of each case of protected and new planting and reformation areas are totally respected.

- Evaluate the state environmental licenses (FATMA), associated with IBAMA. Native forests (ombrophilous mixed forests, and *Araucaria angustifolia* forests) are being felled for planting exotic species (*Pinus*)

Response: No incident was reported about this situation. It will be necessary to prove the use of the land in the period before 1994, comparing it to the present time. The company do not convert native forests into commercial forests.

3.3.6 – Other Assessment Techniques

No other evaluation techniques was used, except for 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 MADEPAR and they reviewed all documents sent for the audit. Team members also had to travel from their home towns to the company for a 4-day field audit. In addition, a lot of time was spent to define the interested parties and send the invitations and the questionnaires. The total number of hours spent on the audit is shown in the table below.

(hours)

Activity	Vanilda	Pablo	Marcelo
Trip to Madepar	16	12	14
Documents	8	8	8
Field evaluations	22	24	22
Interested parties/invitations	8	--	--
Closing the audit (06/23/2006)	9	9	9
Final meeting	2	2	2
Total	65	55	55

3.5 – Process of Determining Conformance

FSC accredited forest stewardship standards consist of a three-level hierarchy, principle, then the criteria that make up that principle, then the indicators that make up each criteria. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated criterion or subcriterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgment to assess each criterion and determine if it is in conformance. If the forest management operation

is determined to be in non-conformance at the criterion level, then at least one of the indicators must be in major non-conformance.

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 Preconditions (Major CARs), CARs and Recommendations

Preconditions/Major CARs: 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 CARs arise after an operation is certified, the deadline for correcting these non-conformances is typically shorter than for minor CARs. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective actions that must be closed out within a specified time period of award of the certificate. Certification is contingent on the certified operations response to the CAR within the stipulated time frame

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-compliance.

4.0 – RESULTS OF THE EVALUATION

Table 4.1 below contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (CAR) numbers related to each principle.

4.1 - Notable strengths and weaknesses of MADEPAR forest management relative to the P&C

Principle/ Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CARs/R ECs
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> Compliance with the laws that regulate the forestry activity. Payment of levies and fee regarding the activity. Formal procedures to protect 	<ul style="list-style-type: none"> Wrong determination of the PPA lines on the dam margin (stand 4) at Fazenda Della Giustina (P1C1). 	MAJOR CAR 2007-04

	<p>management areas from illegal activities.</p> <ul style="list-style-type: none"> • Long term commitment to maintain representative samples of the existing ecosystems. • Registration procedure for reserve areas is underway. 	<ul style="list-style-type: none"> • Some items related to NR 31 must still be implemented. • Copies of the workers' labor documents and some equipment items lack at the work sites. 	<p>CAR 2007-10</p> <p>CAR 2007-11</p>
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> • Clear documentation of certified areas. • There are no pending legal or administrative issues in the properties. • Calm and peaceful tenure of properties. • Local and surrounding communities of the areas have their tenure rights guaranteed 		
P3: Indigenous Peoples' Rights	<ul style="list-style-type: none"> • Management does not threaten or decrease the rights of any indigenous or traditional populations. There are no indigenous or traditional populations in the surroundings or in the region where MADEPAR forest plantation management is developed. 		
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> • Workers are residents of the towns in the regions where the company operates. • A socioeconomic survey has been conducted on workers and their relatives. • Work safety monitoring. • Communication equipment in work sites. • Workers' transportation in suitable and well-maintained vehicles. • Preventive actions to ensure labor law compliance by service providers. • Training program for workers, foremen and owners of service providing companies. 	<ul style="list-style-type: none"> • Safety inspections should be improved (transportation, personal protective equipment, non conformances etc) with registration of deadlines and compliance with each irregularity detected. • Communication with community should improve. The company must establish a communication channel with the interested parties, registering and solving issues. 	<p>CAR 2007-09</p> <p>CAR 2007-12</p>
P5: Benefits from the Forest	<ul style="list-style-type: none"> • MADEPAR manages its forest assets to obtain logs for sawmill and to manufacture doors, adding value to the forest product, guaranteeing profitability and investment capacity over the next few years. • MADEPAR adopts various uses for lumber, generating lumber for the manufacturing process, sales of small sawlogs for pulp purposes and residues for energy. All this production is sold to the regional market. • Harvest equipment is adequate for the local 		

	<p>conditions (topography, soil type) and economically viable.</p> <ul style="list-style-type: none"> • The residues are disposed of in the planting stands in a suitable manner, making the practice of minimum cultivation easier, during the planting operations. • No fire is used for soil tillage. • A MADEPAR hires service providers in the municipalities where it operates, generating jobs and income for the region. • MADEPAR knows the importance of its forests to maintain and produce water in the region where it operates. • The company has made efforts to reduce soil erosion problems and to maintain conservation areas. • There is a recovery program for permanent preservation areas. • There is a continuous inventory program, in which the production estimate maintains an equivalence with the production obtained in the inventory. • Compatibility between current harvest levels and Production capacity. 		
P6: Environmental Impact	<ul style="list-style-type: none"> • There is generic identification and evaluation of the environmental impacts caused by the forest activities. • MADEPAR has a cooperation agreement with UNIPLAC to do studies on fauna and flora, finalized in May, 2005. • There are basic maps containing conservation areas. • The company has prepared a Recovery Program for Permanent Preservation Areas and has been registering its Legal Reserves; • The areas intended for conservation, legal reserve, and permanent preservation areas represent ecosystems of natural occurrence in the region; • Existence of a forest fire prevention and combat plan; • The implementation of fauna corridors has been planned to increase the connectivity between fragments of natural areas; • The equipment used in the forest activities are chosen considering potential environmental impacts; • The damages caused by pests are low; • Pesticides have their use justified, with 	<ul style="list-style-type: none"> • MADEPAR must present a program to remove pinus from PPAs, including it in the Forest Management Plan, showing how it will be implemented. • Present an Action Plan to implement the residue management program, including identification, classification, transport and final destination, considering at least Class I (solid and liquid) and Class I, as well as its execution. • Complement the fauna and flora studies, aiming to prepare a protection program for rare and threatened species. 	<p>CAR 2007-05</p> <p>MAJOR CAR 2007-02</p> <p>CAR 2007-07</p> <p>CAR 2007-06</p>

	<p>corresponding field tests, and every purchase is accompanied by its agronomic prescription;</p> <ul style="list-style-type: none"> • When agrochemicals are applied, workers receive adequate training and use safety equipment; • A program exists for managing pesticides, including the reception, storage, application, return, and final disposal of containers; 		
P7: Management Plan	<ul style="list-style-type: none"> • There is a Management Plan appropriate for the scale and intensity of the proposed operations, which is being implemented and updated. The long-term management objectives and means to achieve them have been clearly described. • There is evidence that the planning and operation teams are familiar with the management plan. • The summary of the management plan is available for public consultation. • Periodic review of the management plan. • MADEPAR has a training program for its own and outsourced workers. • Planning, implementation, and maintenance of the road network performed in accordance with technical specifications. • Appropriate control and storage of harvested products. • There is a plan for the prevention and control of fires with properly trained teams exists, with defined responsibilities. 	<ul style="list-style-type: none"> • Update the management plan with the alterations of 2007. • Exclude from item 1.4.2 the action regarding plantings prior to 2002 (when performing thinning, remove 10% more of the rate used in PPA), not performing management in PPAs until the end of negotiations between the environmental organizations. Establish the maximum period of 2 years for removing pinus from spontaneous invasion of PPA 	MAJOR CAR 2007-03
P8: Monitoring & Assessment	<ul style="list-style-type: none"> • Standardized documentation exists containing the justification and availability of the monitoring and evaluation method; • The monitoring information that has been obtained is recorded; • The methodological procedures (sampling efforts and technique) adopted by the company to evaluate fauna communities are correct and allow the comparison of the same area in time and the assessment of changes in the composition of communities with time, allowing more suitable management methods for the FMUs to be identified; • There are procedures that ensure the chain of custody. 	<ul style="list-style-type: none"> • Implement, according to the floristic inventory done in different properties, a Flora Monitoring Program. 	CAR 2007-08

<p>P9: Maintenance of High Conservation Value Forest</p>	<ul style="list-style-type: none"> • During the consultation process, there were no <u>suggestions of areas worthy of conservations (as per HCVF definitions) by local individuals or groups</u>manifestations on the part of populations that live around the company's FMUs indicating the existence of other special areas that should be considered for conservation, due to attributes consistent with an HCVF. • MADEPAR continues the fauna monitoring program, trying to obtain attributes that might consider its forests as high conservation value forests. 	<ul style="list-style-type: none"> • Despite the public consultation carried through not to have indicated a high value conservation forest, the company must give continuity to the works for definition of a high value conservation forest. 	<p>CAR 2007-06 2007-08 2007-13</p>
<p>P 10 – Forest Plantations</p>	<ul style="list-style-type: none"> • The objectives of forest plantations are clear in the management plan, including the conservation of permanent preservation and legal reserve areas. • In comparison with land use activities in the surrounding area, the forest plantations promote a reasonable protection of remaining natural areas, allowing the preservation of important wild species habitats. • MADEPAR purchases genetically improved seedlings. Currently, all plantations are derived from seeds. • The selection of species for the plantations is based on the complete adaptation of pine to the region where MADEPAR operates and its compliance with the objectives of the management plan. • At present, MADEPAR already has sufficient area to fulfill the legal reserve requirement of 20%, and is adapting the permanent preservation areas where needed. • 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 originated from harvest, reducing soil compaction. Erosive processes are controlled and monitored. • Adoption of techniques compatible with local conditions (topography, soil type, and climate, among others). • Justifications provided for the application and doses of chemical products. • Evidence of commitment to the optimized use of pesticides. 	<p><u>None noted</u></p>	

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4.2 Preconditions or Major CARs

Preconditions are major corrective action requests that are placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open preconditions exist.

The following pre-conditions were placed on MADEPAR during its initial evaluation. They have all been closed to the satisfaction of the audit team.

Background/Justification: The company must keep a Monitoring and Control Plan for exotic species outside commercial areas. MADEPAR did not present a consolidated program with specified deadline to cover this environmental issue.	
MAJOR CAR 2007-01	Present a timetable for removing pinus from Permanent Preservation Areas, consolidated in the Forest Management Plan.
Reference	<i>FSC Criterion P6.c9i2</i>
Action taken by the company	
MADEPAR prepared a schedule to eliminate exotic species from conservation areas, forecasting elimination every two year so as to cover all the company's conservation areas.	
Status in October 2007	
CAR closed	

Background/Justification: MADEPAR must provide conditions, guide and train workers about how to adequately dispose of residues (operation and camps), and their final destination or recycling.	
MAJOR CAR 2007-02	Present an Action Plan to implement the residue management program, from selection to final destination.
Reference	<i>FSC Criterion P6.c7</i>
Action taken by the company	
MADEPAR presented a residue management plan with a program to change the collection containers, training of workers and evaluation for the proper follow-up procedures.	
Status in October 2007	
CAR closed	

Background/Justification: MADEPAR has not updated its management plan to include alterations in the operational procedures	
MAJOR CAR 2007-03	Update the Management Plan including the alterations done in the operational procedures.
Reference	<i>FSC Criterion P7.c2</i>

Action taken by the company
MADEPAR has updated its management plan, including all the alterations done, and has submitted a copy to the auditor team.
Status in October 2007
CAR closed

Background/Justification: MADEPAR has respected all the legal distances for Permanente Preservation Areas in new planting areas. However, a little invasion took place during planting at Fazenda Della Giustina in an area where there was no bushy or arboreous vegetation	
MAJOR CAR 2007-04	Remove the pinus seedlings that were inappropriately planted in the Permanent Preservation Areas (stand 4) at Fazenda Della Giustina.
Reference	<i>FSC Criterion PI.c1</i>
Action taken by the company	
MADEPAR immediately removed the pinus seedlings planted in the PPA.	
Status in October 2007	
CAR closed	

5.0 – CERTIFICATION DECISION

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 **MADEPAR INDÚSTRIA E COMÉRCIO DE MADEIRA LTDA** be awarded FSC recertification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2, for a 5-year period (2008 to 2012). **MADEPAR** has demonstrated that their system of management is capable of ensuring that all of the requirements of the Forest Plantation Management in Brazil are met over the forest area covered by the scope of the evaluation. **MADEPAR** 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 –Initial Corrective Action Requests

Background/Justification: MADEPAR must have a timetable to remove pinus from PPAs and for the recovery of these areas.	
CAR 2007.05	Implement and follow a timetable to remove exotic species from PPAs and present the results of what was done until the 2009 audit, along with the project to recover these areas, when necessary.
Deadline	<i>2009 Audit</i>
Reference	<i>FSC Criterion P6.c9.i2</i>

Background/Justification: Through a cooperation agreement with UNIPLAC,
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MADEPAR developed preliminary studies on fauna and flora, which must be intensified.	
CAR 2007.06	Complement the fauna and flora studies, aiming to prepare a protection program for rare and threatened species.
Deadline	<i>2009 Annual Audit</i>
Reference	<i>FSC Criterion P6C2i2 e i3, P7c1i9</i>

Background/Justification: Management of residues in MADEPAR's FMUs are not appropriate, needing improvement.	
CAR 2007.07	Implement the Residue Management Plan presented (Major CAR 2007-03) with the appropriate training courses and adjustments for a effective and permanent solution.
Deadline	<i>2009 Annual Audit</i>
Reference	<i>FSC Criterion P6.c7.i1</i>

Background/Justification: The company must carry on with the studies on flora and implement a flora monitoring program.	
CAR 2007.08	Implement, according to the floristic inventory done in different properties, a Flora Monitoring Program, with preliminary results to be presented in the 2009 audit.
Deadline	<i>2010 Annual Audit</i>
Reference	<i>FSC Criterion P8c2i4</i>

Background/Justification: MADEPAR adopts a procedure called Safety Inspection, where all the non-conformances regarding transportation, Safety Equipment and so on are registered. However, this information could be better used to improve the safety system.	
CAR 2007.09	Improve the Safety Inspection services (transportation, safety equipment, non-conformances etc), by registering the deadlines and fulfillment of all the non-conformances detected.
Deadline	<i>2009 Annual Audit</i>
Reference	<i>FSC Criterion P4C2Ci5; P4c2Ci11; P4c2Ei2</i>

Background/Justification: Parts of NR 31 are not being complied with, such as the areas where the meals are served (tents) and camp conditions.	
CAR 2007.10	Improve camps (individual wardrobes and improvements in the facility's general conditions), provide the areas where meals are served (tents) with cleaning and hygienic products.
Deadline	<i>2009 Annual Audit</i>
Reference	<i>FSC Criterion P1.c1.i1</i>

Background/Justification: There are no copies of documents required by law in the work sites.	
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CAR 2007.11	The following documents must be <u>made</u> present at the work sites: copies of employee records and occupational health statement, copies of chainsaw registrations with IBAMA, recipes of the safety equipment handed out to employees, signed by them.
Deadline	2009 Annual Audit
Reference	FSC Criterion P1.c1.i1

Background/Justification: Communication with the interested parties is apparently effective since all neighbors are known. However, there no records that prove the results of this relationship.	
CAR 2007.12	Formalize the communication channel with the interested parties, with records and solutions to problems.
Deadline	2009 Annual Audit
Reference	FSC Criterion P4.c4.i2

Background/Justification: Despite the small area of handling, divided in small dispersed properties and of the initial public consultation carried through by the MADEPAR not to have indicated a forest of high value of conservation, the company must give continuity to the works for definition of high value conservation forest.	
CAR 2007.13	<p>Madepar must continue the works for attendance to the requirements of Forest of High Value of Conservation (Principle 9), considering the following questions:</p> <ol style="list-style-type: none"> 1. Defining all possible attributes that merit designation as high conservation value forest using as many sources of information as possible including: <ul style="list-style-type: none"> o Further analysis of the fauna and flora studies that have been conducted at Madepar o First-hand knowledge of unique forest areas known by Madepar staff and contractors; o Input from government agencies o Input from WWF, and other conservation organizations; o Other sources of information as Madepar sees fit 2. Prepare and implement a written protocol for how Madepar managers and field workers will screen the FMU for the attributes defined through completion of step 1. 3. Develop and implement appropriate guidelines for the management of identified areas of HCVF. 4. Develop monitoring protocols designed to assess the effectiveness of the HCVF management guidelines. <p>Establish protocols for continued consultation with stakeholders on the identification of HCVF and the techniques that will be used to maintain its presence.</p>
Deadline	2009 Annual Audit
Reference	FSC Criterion P9

RECOMMENDATIONS

Background/Justification: MADEPAR must implement their informative signs on the farms so as to show the community that the company is concerned about environmental protection.	
REC 2007.01	Improve the distribution of the informative signs about prohibiting hunting and fishing in the property, and place on the property identification signs a telephone number for contact in case of an emergency.

Background/Justification: MADEPAR has been developing a bird monitoring program. However, due to the size of its areas and the way they are spread, the company could include other fauna groups.	
REC 2007.02	Include other fauna groups in the monitoring program, rather than only birds.

Background/Justification: The Legal Reserve Adaptation Program has been carried out and would be more easily seen in the management plan.	
REC 2007.03	Include in the Forest Management Plan the Legal Reserve regularization program for the company's own areas and third party areas, reporting the status of each registration.

Background/Justification: Internal communication between the company's employees and service providers are done by cell phone and there are lots of places where there's no signal. It would be important to identify these spots on maps in case of emergency.	
REC 2007.04	Place cell phone signal marks in the operational sites

Background/Justification: What the FSC certification represents seems to be a little difficult for forest workers to understand.	
REC 2007.05	Include in the integration manual specific approach about the FSC Principles and Criteria.

Background/Justification: There are no social programs focusing on forest workers, aiming to improve their quality of life.	
REC 2007.06	Include forest workers (own and third parties) in the education programs like literacy and improvement programs.

Background/Justification: The agreements discussed at MADEPAR's CIPA (Internal Committee for the Prevention of Accidents) meetings and their results are not formally submitted to forest workers.	
REC 2007.07	Implement a formal information mechanism for forest workers (own and third parties) about issues related to the sector, dealt with in MADEPAR's CIPA meetings.

Background/Justification: MADEPAR must establish a long term policy for partnerships with schools in region for Environmental Education.	
REC 2007.08	Renew the Environmental Education cooperation agreements with the schools in the region.

6.0 – SURVEILLANCE EVALUATIONS

If certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of **MADEMAR INDÚSTRIA E COMÉRCIO DE MADEIRAS LTDA** to the Brazil Forest Plantation Management standards, version 8.0. Public summaries of surveillance evaluations will be posted separately on the SCS website (www.scscertified.com).

7.0 – SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES

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 or Appeal must:

- Identify and provide contact information for the complainant or appellant.
- Clearly identify the basis of 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 an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or 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 or appellant, rectify the matter.

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As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint

or appeal 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.