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REQUIREMENTS FOR COMPANY FMU VERIFICATION PROGRAM

(Based on Annex 3 of FSC-STD-40-005 V2-1 - Company Evaluation of Controlled Wood)

INTRODUCTION

Requirements for company verification program

There are 3 options for avoiding the purchase of wood from “unacceptable sources”:

1. Buying FSC certified material.
2. Buying FSC Controlled Wood (from a COC certified company that are certified to sell FSC controlled wood)
3. Include wood material in the company’s own verification program. (“self controlled wood”)

Companies implementing an FSC Controlled Wood verification program sourcing from areas that cannot be classified as low risk shall ensure that it is in compliance with the requirements specified below. This must be done for each FMU from an unspecified risk district.

NOTE: The Company can choose to develop its own verification program or authorize another organization to do it.

As part of a verification program the (potential) district(s) of origin (where the company is planning to buy wood from), must be determined and a documented and systematic risk assessment performed for each district of origin (Annex 2 of FSC-STD-40-005: refer SGS Qualifor Reference Document 16 and AD54-F).

If a district cannot be considered “low risk” for any of the “unacceptable sources” (“controlled wood categories”) FSC requires you to carry out on-site audits at the level of the forest management unit (FMU). The results of this audit process will be reviewed by SGS and the company shall ensure that the required documents and other evidence as required under Section D (below) are available for verification by SGS.

Reports or records of verification audits shall be accessible to SGS and FSC-authorized personnel on request.

This document can be used to do the on-site audit to ensure that the requirements from FSC are followed.

NOTE: The Company may develop alternative measures in its verification program to ensure the compliance with the intent of this standard, which is, to avoid wood coming from the five categories.

Any findings against these requirements will lead to the disqualification of the supplier and the wood may not be used in an FSC certified Mixed products.

A CERTIFIED COMPANY DETAIL

Company Name:		MD Papeis Ltda
Certificate Number		SGS-COC- Non-applicable
Controlled Wood Certificate Number		SGS-CW- Non-applicable
Country:		Brasil
Company Address		<p><u>Physical Address:</u> Rodovia: Presidente Tancredo de Almeida Neves km 34 Caieiras –SP</p> <p><u>Postal Address:</u></p>
Contact detail:	Contact person:	Júlio César Tomás Alves
	Telephone:	(11) 4441-7850
	Fax:	(11) 4441-7800
	e-mail Address	julio@mdpapeis.com.br
Assessment done by:		Rodrigo Vaz Domingues
Relation to the company:		Environment Coordinator
Date:		13/11/2008
Signature		Rodrigo Vaz Domingues

B SUPPLIER DETAIL

Company Name:	Celulosa Arauco y Constitución
Country:	Chile
Company Address	<u>Physical Address:</u> Avda El Golf 150

Type of source e.g. natural forest or plantations and general description of the supplier	Bosque Arauco, Forestal Celco , Forestal Cholguán e Forestal Valdivian
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Summary of Results

<u>Categories</u>	<u>Motivation</u>	<u>(Low or unspecified)</u>
Illegally harvested wood;	Não foi encontrado nos sites citados para pesquisa nenhuma informação quanto a este questionamento	Não especificado
Wood harvested in violation of traditional and civil rights;	No site da OIT Chile há informações que o mesmo cumpre todas as regulamentações da OIT.	Baixo
Wood harvested in forests where high conservation values are threatened by management activities;	Arauco garante que há na planta de celulose o sistema de cadeia de custodio o que assegura a não utilização de árvores colhidas ilegalmente, bem como utilização de espécies ameaçadas de extinção. E segundo o site de boletim informativos verificamos que 80% das florestas do Chile tem certificado CERTIFOR.	Baixo
Wood harvested in forests being converted to plantations or non- forest use;	No site worldwildlife foram encontrada informações que evidenciam a exploração madeira e conversão do habitat em plantações de pinheiros e eucaliptos.	Alto
Wood from forests in which genetically modified trees are planted.	Não foram identificados no site da Arauco a origem (distrito / floresta) das madeiras utilizadas na produção. Levantar esta informação durante a Auditoria De acordo com site ecobloque as espécies geneticamente modificadas estão em fase estudo. Pois a manipulação genética já demonstrou acarretar graves impactos sócios ambientais. Não encontrado citação da necessidade de licenças para comercialização e utilização de árvores geneticamente modificadas. Não encontrado evidência da proibição da utilização de arvores geneticamente modificadas no Chile	Não especificado

C General requirements

1. Company verification program

REQUIREMENT	FINDINGS
<p>1.1. Is evidence available to confirm that wood/fibre coming from a particular supplier has been controlled for the category or categories of wood:</p> <ul style="list-style-type: none"> a) <i>forest areas where traditional or <u>civil rights</u> are violated by forest management activities;</i> b) <i>forest management units having <u>high conservation values which are threatened</u>;</i> c) <i><u>genetically modified (GM)</u>;</i> d) <i>forest management units which have been harvested illegally;</i> e) <i><u>natural forest</u> that has been converted to <u>plantations</u> or non-forest.</i> 	<p>Confirm that all requirements as indicated in the Annex 3 of FSC-STD-40-005 have been covered during the on-site visit.</p>
<p>1.2. Verification was conducted by personnel who have sufficient expertise and knowledge to be able to fulfil the inspection in accordance with the requirements.</p>	<p>Person's Name:</p> <p>Motivate why the person qualified to do the inspection e.g. forestry training, training in FSC systems, auditor training.</p> <p>If the inspection was conducted by an FSC Accredited CB, prove detail</p>
<p>1.3. For each of the five categories that cannot be considered low risk, the company shall identify and provide the rationale for documents and other evidence needed to demonstrate that wood complies with the requirements for FSC Controlled Wood for that specific category.</p>	<p>For each of the five points listed below you need to indicate what documents you used to confirm that the specific point is low risk.</p>
<p>a) Illegally harvested wood;</p>	
<p>b) Wood harvested in violation of traditional and civil rights;</p>	
<p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p>	
<p>d) Wood harvested in forests being converted to plantations or non- forest use;</p>	
<p>e) Wood from forests in which genetically modified trees are planted.</p>	
<p>1.4. All documents and other evidence required under Section B (below) are available for verification by SGS.</p>	<p>Indicate who will maintain the documents.</p>
<p>1.5. Are verification audits conducted on an annual basis?</p>	<p>The company shall specify and implement a regular (at least annual) verification audit process</p>

REQUIREMENT	FINDINGS
1.5.1. Which documents and evidence were verified and how are they verified? How are the authenticity of the specified documentation and other evidence confirmed?	
1.5.2. The audit process included consultation with: <ul style="list-style-type: none"> a) relevant stakeholders, b) staff interviews and c) field visits to harvesting sites. 	Please list the stake holders detail below. List the staff interviewed below. List the sampling under the "Sampling Section" below.

Guidelines:

The stakeholder consultation shall ensure at least the following:

- key stakeholders (including potentially marginalized groups e.g. women) have been identified and invited to participate in the consultation with sufficient prior notice;
- the consultation process is open and transparent;
- stakeholders have access to necessary information to ensure effective participation in the consultation process.
- a process for recording, evaluating and addressing stakeholders' concerns.

List of Stakeholders

Stakeholder & Contact detail	Stakeholder's Comments	Supplier's Comments

List of Staff interviewed

Staff member and post	Topics and Members Comments	Supplier's Comments

SAMPLING

- 1.6. The number of verification audits that took place was determined according to the sampling specified.
- 1.7. The FMUs were classified as sets of 'similar' units for the purpose of sampling. The sets were selected to minimize variability within each set.
- 1.8. For each set of 'similar' FMUs the company shall select at least 0.8 times the square root of the number of units for evaluation per annum.

For sets that consist entirely of FMUs that qualify as Small or Low Intensity Managed Forests (SLIMFs), the number of units selected shall be at least 0.6 times the square root of the number of units (y) within that group (i.e. $x = 0.6\sqrt{y}$), rounded to the upper whole number.

The table below provides some examples of sampling intensities:

y (total number of FMUs in set for sampling)	X (sample)= $0.8\sqrt{y}$	X (sample for sets of SLIMFS)= $0.6\sqrt{y}$
1	1	1
2-7	2	1
8-11	3	2
12-24	3	3
25-39	4	3
40-44	5	4
45-56	5	5
n	$0.8\sqrt{n}$	$0.6\sqrt{n}$

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Sampling justification according to 1.8 above.	Indicate how many of the FMUs were audited and why.	

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Sampling justification according to 1.8 above.	Indicate how many of the FMUs were audited and why.	

Note: More lines or more sets can be added as required.

REQUIREMENT	FINDINGS
1.9. Samples for field verification were defined randomly	Confirm that the audits were conducted randomly
1.10. Verification audits were conducted before the wood were used in FSC certified mixed products.	
1.11. Any consultation with staff and workers shall take place unaccompanied by management representatives from the company.	Whom did you speak to and what was the situation
1.12. All reports or records of verification audits are maintained for at least 5 years and include: <ul style="list-style-type: none"> a) the findings of the verification, b) the extent to which it was possible to conduct the verifications in the manner described above, and c) the experience and qualifications of the personnel conducting the verification. 	Indicate that procedures are available and who is responsible for these records.

D Specific requirements

This part establishes the specific requirements that a company verification program shall evaluate for compliance in the categories not considered as low risk in its risk assessment.

1. Illegally harvested wood

NOTE: When looking for documentation in table 1 the company shall verify that legal procedures have been used by their suppliers to gain permits and licenses.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested in violation of national laws, including the acquisition of the harvesting rights and the harvesting methods used.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance. Documented evidence shall include but is not restricted to:

- concession license and/or harvesting permit (approved by appropriate government authority);
- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit; maps; documents showing harvesting volumes and protected areas;
- an up-to-date register of all statutes, guidelines and regulations;
- sales contracts showing volumes sold;
- evidence of payment of royalties;
- an up to date list of tree species in the FMU that are listed in Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and relevant permits for their harvest and trade.
- The company shall ensure that the correct procedures were used to gain permits and licences and species harvested are classified correctly.

REQUIREMENTS

1.1.	The wood sourced was harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance with the requirements outlined in Table 1 below.
a)	Evidence of legal authority to harvest
VERIFICATION / FINDINGS	
<p>WWW.arauco.cl WWW.wrm.org.uy WWW.transparency.org WWW.eia.international.org WWW.panda.org WWW.eldis.org WWW.cites.org</p> <p>Não foram encontrados documentos que evidenciem cumprimento da legislação.</p> <p>A Arauco informa em seu site que as plantas de celulose do Chile possuem sistema de cadeia de custódia, o que assegura o rastreamento do produto em cada etapa do processo e permite verificação da fonte original de abastecimento da matéria prima, o que assegura que a matéria prima-utilizada não provém de espécies ameaçadas de extinção nem de colheita ilegal.</p>	
b)	Evidence of compliance with applicable management planning requirements
VERIFICATION / FINDINGS	
<p>Conforme citado anteriormenete a Arauco garante que há na planta de celulose o sistema de cadeia de custodio o que assegura a não utilização de árvores colhidas ilegalmente, bem como utilização de espécies ameaçadas</p>	

de extinção.

E segundo o site de boletim informativos verificamos que 80% das florestas do Chile tem certificado CERTIFOR.

Nota : Durante a Auditoria deverá ser verificada a procedência de toda madeira utilizada nesta planta, bem como os certificados e licenças das florestas

c) Specification of applicable harvesting restrictions

VERIFICATION / FINDINGS

Conforme citado anteriormenete a Arauco garante que há na planta de celulose o sistema de cadeia de custodio o que assegura a não utilização de árvores colhidas ilegalmente, bem como utilização de espécies ameaçadas de extinção.

E segundo o site de boletim informativos verificamos que 80% das florestas do Chile tem certificado CERTIFOR.

Nota : Durante a Auditoria deverá ser verificada a procedência de toda madeira utilizada nesta planta, bem como os certificados e licenças das florestas

d) Evidence that timber is harvested from areas designated to harvesting (e.g. not from protected areas where harvesting is not allowed)

VERIFICATION / FINDINGS

A Arauco informa em seu site que as plantas de celulose do Chile possuem sistema de cadeia de custodia, o que assegura o rastreamento do produto em cada etapa do processo e permite verificação da fonte original de abastecimento da matéria prima, o que assegura que a matéria prima-utilizada não provém de espécies ameaçadas de extinção nem de colheita ilegal.

e) Evidence that harvesting rate is within the applicable limits

VERIFICATION / FINDINGS

Não foi encontrado nos sites citados para pesquisa nenhuma informação quanto a este questionamento

f) Evidence of timber purchases

VERIFICATION / FINDINGS

Durante a Auditoria deverá ser verificada a procedência de toda madeira utilizada nesta planta, bem como os certificados e licenças das florestas.

g) Evidence of payment of royalties or other fees (i.e. fees on harvesting rights)

VERIFICATION / FINDINGS

Durante a Auditoria deverá ser verificada a procedência de toda madeira utilizada nesta planta, bem como os certificados e licenças das florestas.

h) Evidence of compliance with applicable CITES requirements

VERIFICATION / FINDINGS

WWW.arauco.cl

A Arauco informa em seu site que as plantas de celulose do Chile possuem sistema de cadeia de custodia, o que assegura o rastreamento do produto em cada etapa do processo e permite verificação da fonte original de abastecimento da matéria prima, o que assegura que a matéria prima-utilizada não provém de espécies ameaçadas de extinção nem de colheita ilegal.

i) Evidence of compliance with timber transportation documents

VERIFICATION / FINDINGS

Verificar documentação do transporte durante Auditoria

1.2 The Company shall demonstrate that species and qualities harvested are classified correctly.

VERIFICATION / FINDINGS

Não foi encontrado nos sites citados para pesquisa nenhuma informação quanto a este questionamento

2. Wood harvested in violation of traditional and civil rights

The ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

The Declaration covers the following four areas:

Freedom of association and the right to collective bargaining;

The elimination of forced and compulsory labour;

The abolition of child labour, and;

The elimination of discrimination in the workplace.

Guidelines:

The forest management enterprise shall not supply as controlled, wood harvested from forest management units where there are conflicts relating to long term tenure or use rights to the land and forest resources by traditional or indigenous peoples groups and/or civil society groups which are of substantial magnitude; which involve a significant number of interests and for which a resolution process has not been agreed by the main parties to the dispute.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance. This shall include but is not restricted to:

- documentation¹ showing identification of all local communities, traditional and indigenous peoples in the forest management unit and adjacent area;
- documentation showing the forest management enterprises' ownership or legal right to harvest;
- documentation² recording traditional rights as identified by the communities and peoples groups identified in a) above;

¹ E.g. maps

² E.g. maps

- documented evidence³ of consultation with local communities, traditional and indigenous peoples groups identified in a) above;
- documented evidence of the process by which any disputes are being resolved, which has the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned.

REQUIREMENTS

2.1. It was confirmed that there are no conflicts relating to land tenure or land use rights of traditional or indigenous peoples groups in the FMUs from which it is sourcing wood, which are of substantial magnitude; which involve a significant number of interests; and for which a resolution process has not been agreed by the main parties to the dispute (See Section 2.3 below).

VERIFICATION / FINDINGS

1) No site não há menção dos países da zona de conflito

Nota: verificar informação durante Auditoria

2) No site da OIT Chile há informações que o mesmo cumpre todas as regulamentações da OIT.

No site do FSC Chile ficou evidenciado que para áreas com certificação FSC todas as regulamentações da OIT são cumpridas

3) No site da un.org não foi verificado nenhuma restrição quanto a exportação de madeira do Chile

www.un.org

www.naturalresources.org

www.usaid.gov/hum_response/oti/

www.fsc-chile.org

www.oitchile.cl

2.2. No evidence of violation of the International Labour Office Fundamental Principles and Rights at Work in the FMU nor of the International Labour Office Convention 169 on Indigenous and Tribal Peoples were reported or detected?

VERIFICATION / FINDINGS

Conforme busca no site da OIT não foi encontrado evidências quanto a violação da Convenção 169 da OIT.

www.fsc-chile.org

www.oitchile.cl

2.3. In cases where a resolution process is in place (See Section 2.1 above), documented evidence of the process by which any disputes are being resolved, which demonstrates the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned, are available?

VERIFICATION / FINDINGS

Não foi encontrado citação de conflito nesta área

Em dezembro de 2007 o WWF lançou um programa com associação indígena que ajuda a preservar o ambiente e comunidades indígenas através do desenvolvimento sustentável

www.fsc-chile.org

www.worldwildlife.org

³ E.g. minutes of meetings

3. Wood harvested in forests in which high conservation values are threatened by management activities

If local conditions or relationship with suppliers do not allow FMU level assessment to happen, the Company shall demonstrate that forest management activities in the areas being harvested do not threaten high conservation values in these areas. The decision of looking at HCV only at the areas being harvested has to be adequately justified. If there is evidence of threats to HCV elsewhere in the FMU the Company shall assess HCVs at the FMU level.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested from non FSC-certified forest management units where forest management activity has the potential to cause irreversible effects on any of the high conservation values present.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 4.1 above. Documented evidence shall include but is not restricted to:

- a documented assessment that identifies high conservation values and confirms the absence of threat to the biological, environmental, social and cultural high conservation values from forest management activity in the forest management unit;
- documented evidence⁴ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area with respect of social or environmental aspects to confirm the findings of the assessment;
- documented evidence of consultation with representatives and members of communities and indigenous peoples living in or adjacent to the forest management unit, to confirm the findings of the assessment.

If the forest enterprise is unsure whether a forest management unit has high conservation values present, then the precautionary approach shall be adopted and no wood shall be supplied until the presence of high conservation values has been assessed and appropriate management can be planned accordingly.

In countries where there is a national definition of high conservation value forests (HCVF) as part of an FSC accredited or draft FSC national or sub-national standard, then this shall be used as the basis of the assessment specified in Section 4.2 a) above⁵.

REQUIREMENTS

3.1. It was confirmed that the forest management activities in the FMU do not threaten high conservation values in accordance with Section 3.2 below.

VERIFICATION / FINDINGS

No site worldwildlife foram encontrada informações que evidenciam a exploração madeireira e conversão do habitat em plantações de pinheiros e eucaliptos.

www.worldwildlife.org/what/wherewework/southernchile e www.intacforests.org/statistics/samerica.htm

⁴ For example minutes of meetings, letters of invitation, photographs

⁵ FSC national and regional standards can be obtained from the FSC national contact person. Contact details of national contact persons are available on www.fsoax.org

3.2. Records of evidence to demonstrate compliance with Section 3.1 above are kept for minimum period of 5 years.

Evidence includes but is not restricted to:

- a) records of an assessment (e.g. rapid ecological assessment, environmental or social impact assessment or wildlife census) appropriate to the size of the FMU and intensity of management to identify the presence of high conservation values;
- b) evidence⁶ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area, in relation to identifying HCVs and threats to them, with respect to social or environmental aspects. Where relevant, the assessment shall include consultation with representatives and members of communities and indigenous peoples living in or adjacent to the FMU;
- c) a list of the high conservation values thus identified in the FMUs, together with evidence indicating that these high conservation values are not threatened in the FMUs.

VERIFICATION / FINDINGS

Nos sites mencionados foram encontrados evidências que a WWF está apoiando a criação de novas áreas protegidas públicas e privadas e utilização sustentável de florestas nativas

www.worldwildlife.org/what/wherewework/southernchile e WWW.avina.net

⁶ For example minutes of meetings, letters of invitation, photographs

4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses

Intent Box: This category is only for wood from natural and semi natural forests that are being converted to plantations or non-forest uses.

Guidelines:

The forest management enterprise shall not supply as controlled wood which has resulted from the conversion of natural forest to plantations or non-forest uses, except as permitted by Section 7.3 below.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 7.1 above. Documented evidence shall include but is not restricted to:

- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit.

Community forest areas where conversion is part of a community land use plan endorsed through a participatory process and which is < 5 % of the forest area, may supply wood which has been converted from natural forest to non-forest uses as controlled.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance with Section 7.3 above. Documented evidence shall include but is not restricted to:

- land use plan covering conversion of natural forest to non-forest use;
- documented evidence of consultation with representatives and members of communities endorsing the land-use planning.

REQUIREMENTS

4.1.	It was confirmed that all types of natural and semi-natural forests and other wooded ecosystems such as woodlands and savannahs in the FMUs are not being converted to plantations or non-forest uses in accordance with the requirements outlined, except as permitted by Section 4.3 below.
VERIFICATION / FINDINGS	
<p>Nos sites pesquisados foram encontradas evidências de que há corte irregular de madeira. Porém não foi especificada a taxa de perda anual destas florestas.</p> <p>www.worldwildlife.org/what/wherewework/southernchile.org</p>	
4.2.	The Company shall keep records of evidence to demonstrate compliance with Section 4.1 above for a minimum period of 5 years.
VERIFICATION / FINDINGS	
4.3.	Forest conversion to plantations or non-forest land uses is not occurring, except in circumstances where conversion: <ol style="list-style-type: none"> a) entails a very limited portion of the forest management unit; b) does not occur on high conservation value forest areas; and c) will enable clear, substantial, additional, secure long term environmental and social benefits across the forest management unit.
VERIFICATION / FINDINGS	

5. Wood from forest management units in which genetically modified trees are planted

Guidelines:

Wood harvested from genetically modified (GM) trees

The forest management enterprises operating in plantations shall not supply as controlled, wood harvested from GM trees⁷.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 5.1 above. Documented evidence shall include but is not restricted to:

- documentation from national regulatory bodies confirming the locations and species of GM tree trials within the forest area;
- a statement signed by the senior executive that the forest management enterprise does not supply wood from GM trees.

REQUIREMENTS

5.1. No genetically modified trees are present in the FMUs from which it sources FSC Controlled Wood

VERIFICATION / FINDINGS

Não foram identificados no site da Arauco a origem (distrito / floresta) das madeiras utilizadas na produção. Levantar esta informação durante a Auditoria

De acordo com site ecobloque as espécies geneticamente modificadas estão em fase estudo. Pois a manipulação genética já demonstrou acarretar graves impactos sócios ambientais.

Não encontrado citação da necessidade de licenças para comercialização e utilização de árvores geneticamente modificadas.

Não encontrado evidência da proibição da utilização de arvores geneticamente modificadas no Chile

FAO, 2004. Revisão preliminar de biotecnologia de florestamento, incluindo modificação genética. **Jornal a Serviço dos Recursos Genéticos Florestais** FGR/59E.

<http://www.fao.org/docrep/008/ae574e/AE574E00.HTM>

<http://www.ecoblogue.net>


<http://www.rauco.cl>

5.2. Procedures are available to ensure that the records of evidence to demonstrate compliance with Section 5.1 above is kept for a minimum period of 5 years.

VERIFICATION / FINDINGS

End of report

⁷ Note, this provision does not exclude traditional tree-breeding program^{mes}.

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(Based on Annex 3 of FSC-STD-40-005 V2-1 - Company Evaluation of Controlled Wood)

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There are 3 options for avoiding the purchase of wood from “unacceptable sources”:

1. Buying FSC certified material.
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3. Include wood material in the company’s own verification program. (“self controlled wood”)

Companies implementing an FSC Controlled Wood verification program sourcing from areas that cannot be classified as low risk shall ensure that it is in compliance with the requirements specified below. This must be done for each FMU from an unspecified risk district.

NOTE: The Company can choose to develop its own verification program or authorize another organization to do it.

As part of a verification program the (potential) district(s) of origin (where the company is planning to buy wood from), must be determined and a documented and systematic risk assessment performed for each district of origin (Annex 2 of FSC-STD-40-005: refer SGS Qualifor Reference Document 16 and AD54-F).

If a district cannot be considered “low risk” for any of the “unacceptable sources” (“controlled wood categories”) FSC requires you to carry out on-site audits at the level of the forest management unit (FMU). The results of this audit process will be reviewed by SGS and the company shall ensure that the required documents and other evidence as required under Section D (below) are available for verification by SGS.

Reports or records of verification audits shall be accessible to SGS and FSC-authorized personnel on request.

This document can be used to do the on-site audit to ensure that the requirements from FSC are followed.

NOTE: The Company may develop alternative measures in its verification program to ensure the compliance with the intent of this standard, which is, to avoid wood coming from the five categories.

Any findings against these requirements will lead to the disqualification of the supplier and the wood may not be used in an FSC certified Mixed products.

A CERTIFIED COMPANY DETAIL

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Certificate Number		SGS-COC- Non-applicable		
Controlled Wood Certificate Number		SGS-CW- Non-applicable		
Country:		Brasil		
Company Address		<table border="1"> <tr> <td>Physical Address: Rodovia: Anchieta, 53,5 Cep: 11546-901 Vila Fabril Cubatão - SP</td> <td>Postal Address:</td> </tr> </table>	Physical Address: Rodovia: Anchieta, 53,5 Cep: 11546-901 Vila Fabril Cubatão - SP	Postal Address:
Physical Address: Rodovia: Anchieta, 53,5 Cep: 11546-901 Vila Fabril Cubatão - SP	Postal Address:			
Contact detail:	Contact person:	Júlio César Tomás Alves		
	Telephone:	(11) 4441-7850		
	Fax:	(11) 4441-7800		
	e-mail Address	julio@mdpapeis.com.br		
Assessment done by:		Rodrigo Vaz Domingues		
Relation to the company:		Environment Coordinator		
Date:		17/02/2010		
Signature		Rodrigo Vaz Domingues		

B SUPPLIER DETAIL

Company Name:	CMPC Celulosa S.A – Laja Mill
Country:	Chile
Company Address	Planta Laja, Provincia del Bío Bío (VIII Región), Chile

Type of source e.g. natural forest or plantations and general description of the supplier	<p>100% man planted Radiata Pine forest.</p> <p>CMPC Forestry Area owns forest resources amounting to more than 547,000 planted hectares (402.215 of which are pine, and 126,482 correspond to Eucalyptus). Therefore, the biggest supplier of Laja Mill is Forestal Mininco, which is part of CMPC Holding. All the wood purchases are done through CMPC Celulosa Purchase Area, giving total trust of our suppliers' quality.</p>
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Summary of Results

<u>Categories</u>	<u>Motivation</u>	<u>(Low or unspecified)</u>
Illegally harvested wood;	No !! The farms is controlled in all the requirements this Standard presents.	Low
Wood harvested in violation of traditional and civil rights;	<p>No !!. CMPC's employees have internal committees to negotiate with the owner and no restrictions were detected. Chile is not designated as source of conflict timber regarding to international qualification standards.</p> <p>This country has a Labor Code (Código del Trabajo) and a strong governmental control system. CMPC had achieved a local certification (CERFOR) recognized by international forestry certification system (PEFC); and one of the properties the Company bought has its forest management certified by FSC (Forestal Monte Águila). In accordance with this, the Company had developed a very strict frame on labor conditions. Rainforest Alliance took some photographs at field as evidence.</p> <p>CMPC verifies this category when independent suppliers are located at a risky Comuna (District) and maintain records of these audits.</p>	Low
Wood harvested in forests where high conservation values are threatened by management activities;	<p>No !! CMPC has a Forest Management Plan, procedures and other documents (eg: maps, field instructions, etc) to avoid threat areas with high conservation values.</p> <p>All the third parts farm visited had small stands of pine and/or eucalyptus within bigger properties. Most of the stands visited were apart from rivers, other wetlands and native forests. The only one farm that was already harvest a couple of weeks before, presented a well conserved river protection (riparian) area.</p>	Low
Wood harvested in forests being converted to plantations or non- forest use;	<p>No!! The Risk Assessment document that was developed by FSC Chile determinate that this category does not apply in the whole country when controlled wood is purchase from plantations.</p>	Low
Wood from forests in which genetically modified tress are planted.	<p>The Risk Assessment document that was developed by FSC Chile determinate that the District shall be considered as low risk for this category.</p>	Low

C General requirements

1. Company verification program –

REQUIREMENT	FINDINGS
<p>1.1. Is evidence available to confirm that wood/fibre coming from a particular supplier has been controlled for the category or categories of wood:</p> <ul style="list-style-type: none"> a) <i>forest areas where traditional or <u>civil rights</u> are violated by forest management activities;</i> b) <i>forest management units having <u>high conservation values which are threatened</u>;</i> c) <i><u>genetically modified (GM)</u>;</i> d) <i>forest management units which have been harvested illegally;</i> e) <i><u>natural forest</u> that has been converted to <u>plantations</u> or non-forest.</i> 	<p>Yes!! Controlled Material, based on the performance in relation to FSC Controlled Wood Standard FSC-STD-40-005 V2-1.</p>
<p>1.2. Verification was conducted by personnel who have sufficient expertise and knowledge to be able to fulfil the inspection in accordance with the requirements.</p>	<p>Yes!! Controlled Material</p>
<p>1.3. For each of the five categories that cannot be considered low risk, the company shall identify and provide the rationale for documents and other evidence needed to demonstrate that wood complies with the requirements for FSC Controlled Wood for that specific category.</p>	<p>Yes!! Controlled Material</p>
<p>a) Illegally harvested wood;</p>	<p>Yes!! Controlled Material</p>
<p>b) Wood harvested in violation of traditional and civil rights;</p>	<p>Yes!! Controlled Material</p>
<p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p>	<p>Yes!! Controlled Material</p>
<p>d) Wood harvested in forests being converted to plantations or non- forest use;</p>	<p>Yes!! Controlled Material</p>
<p>e) Wood from forests in which genetically modified trees are planted.</p>	<p>Yes!! Controlled Material</p>
<p>1.4. All documents and other evidence required under Section B (below) are available for verification by SGS.</p>	<p>Yes!! audit report as</p>

REQUIREMENT	FINDINGS
1.5. Are verification audits conducted on an annual basis?	<p>CMPC Co. prepared an agenda to implement the present verification audit. This document was commented by SmartWood. Rainforest Alliance/SmartWood Program Representative for Argentina accompanied MD Papéis' Quality Manager, Mr. Júlio César Alves, during forestry activities verification. At that moment camps were visited, some workers' interviews were made and general issues were verified (road conditions, impacts on native forests and other natural values, labor conditions, etc.).</p> <p>Rainforest Alliance made reviewed and verified general documentation at CMPC's offices and at camps as well.</p> <p>In relation to Stakeholder consultation Rainforest Alliance is working on the CMPC's (Forestal Mininco) Scoping process. So that a lot of information that were interchanged with local, regional,</p> <p>national and international Stakeholders, represent a valuable source of information to the current process</p>
1.5.1. Which documents and evidence were verified and how are they verified? How are the authenticity of the specified documentation and other evidence confirmed?	
1.5.2. The audit process included consultation with: <ol style="list-style-type: none"> relevant stakeholders, staff interviews and field visits to harvesting sites. 	Yes!! audit report as

Guidelines:

The stakeholder consultation shall ensure at least the following:

- key stakeholders (including potentially marginalized groups e.g. women) have been identified and invited to participate in the consultation with sufficient prior notice;
- the consultation process is open and transparent;
- stakeholders have access to necessary information to ensure effective participation in the consultation process.
- a process for recording, evaluating and addressing stakeholders' concerns.
-

List of Stakeholders /

Stakeholder & Contact detail	Stakeholder's Comments	Supplier's Comments

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List of Staff interviewed

Staff member and post	Topics and Members Comments	Supplier's Comments

Obs: audit report as – Appendix I : Controlled Wood Field Audit Verification Checklist page 07.

SAMPLING

- 1.6. The number of verification audits that took place was determined according to the sampling specified.
- 1.7. The FMUs were classified as sets of 'similar' units for the purpose of sampling. The sets were selected to minimize variability within each set.
- 1.8. For each set of 'similar' FMUs the company shall select at least 0.8 times the square root of the number of units for evaluation per annum.

For sets that consist entirely of FMUs that qualify as Small or Low Intensity Managed Forests (SLIMFs), the number of units selected shall be at least 0.6 times the square root of the number of units (y) within that group (i.e. $x = 0.6\sqrt{y}$), rounded to the upper whole number.

The table below provides some examples of sampling intensities:

y (total number of FMUs in set for sampling)	X (sample)= $0.8\sqrt{y}$	X (sample for sets of SLIMFS)= $0.6\sqrt{y}$
1	1	1
2-7	2	1
8-11	3	2
12-24	3	3
25-39	4	3
40-44	5	4
45-56	5	5
n	$0.8\sqrt{n}$	$0.6\sqrt{n}$

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Chile - 100% man planted Radiata Pine forest.	Planta Laja (CMPC's facility) Independent suppliers' forestry area (Comunas de Los Angeles, Yumbel, Quillón, and Mulchen, Provincia del Bío Bío Bío, VIII Región, Chile)	CMPC Forestry Area owns forest resources amounting to more than 547,000 planted hectares (402,215 of which are pine, and 126,482 correspond to Eucalyptus). Therefore, the biggest supplier of Laja Mill is Forestal Mininco, which is part of CMPC Holding. All the wood purchases are done through CMPC Celulosa Purchase Area, giving total trust of our suppliers' quality.

Sampling justification according to 1.8 above.		

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Sampling justification according to 1.8 above.		

REQUIREMENT	FINDINGS
1.9. Samples for field verification were defined randomly	Yes!! audit report as
1.10. Verification audits were conducted before the wood were used in FSC certified mixed products.	Yes!! audit report as
1.11. Any consultation with staff and workers shall take place unaccompanied by management representatives from the company.	Yes!! audit report as
1.12. All reports or records of verification audits are maintained for at least 5 years and include: <ul style="list-style-type: none"> a) the findings of the verification, b) the extent to which it was possible to conduct the verifications in the manner described above, and c) the experience and qualifications of the personnel conducting the verification. 	Yes!! audit report as

D Specific requirements

This part establishes the specific requirements that a company verification program shall evaluate for compliance in the categories not considered as low risk in its risk assessment.

1. Illegally harvested wood

NOTE: When looking for documentation in table 1 the company shall verify that legal procedures have been used by their suppliers to gain permits and licenses.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested in violation of national laws, including the acquisition of the harvesting rights and the harvesting methods used.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance. Documented evidence shall include but is not restricted to:

- concession license and/or harvesting permit (approved by appropriate government authority);
- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit; maps; documents showing harvesting volumes and protected areas;
- an up-to-date register of all statutes, guidelines and regulations;
- sales contracts showing volumes sold;
- evidence of payment of royalties;
- an up to date list of tree species in the FMU that are listed in Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and relevant permits for their harvest and trade.
- The company shall ensure that the correct procedures were used to gain permits and licences and species harvested are classified correctly.

REQUIREMENTS

1.1. The wood sourced was harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance with the requirements outlined in Table 1 below.

a) Evidence of legal authority to harvest

VERIFICATION / FINDINGS /

Yes !! CMPC is a very big Chilean forestry company that work since 1920, and Planta Laja is one of their pulp and paper facilities. Any forestry company needs to ask for legal authorization to harvest their forest and pay a fee before do that. The Company follows legal requirements to keep normal the timber supply to Planta Laja. At the same time, the Company makes verification to all their suppliers to assure they follow legal requirements, does not matter if these suppliers are in a low risk area in accordance to the assessment that FSC Chile made. Rainforest Alliance checked some of these verification to external suppliers.

b) Evidence of compliance with applicable management planning requirements

VERIFICATION / FINDINGS

Yes !! CMPC has its own Forestry Management Plan and as independent forester, need to present to local authorities, a brief report describing technical prescriptions for harvesting and environment cares before interventions occur. During the current Audit Rainforest Alliance verified this documentation from some independent foresters that supply timber to Planta Laja. CMPC records a copy of each legal harvesting authorization on independent foresters.

- c) Specification of applicable harvesting restrictions

VERIFICATION / FINDINGS

Yes !! Regarding the use of timber coming from plantations, there are no restrictions on diameters or species harvested, but just on environment protection and sites where authorizations were given for. CMPC knows very well the national legal frame of the plantation sector.

- d) Evidence that timber is harvested from areas designated to harvesting (e.g. not from protected areas where harvesting is not allowed)

VERIFICATION / FINDINGS

Yes !! There is no evidence of claims that the Company or external suppliers harvest areas with any restriction. During field activities use to be a CMPC's Supervisor, a Contractor's Supervisor and local authorities that verify these practices regularly. Maps and written procedures at field had high quality where verification was made, and workers known very well their work (most of Contractor's employees have more than 10 years working in forestry at the same region).

- e) Evidence that harvesting rate is within the applicable limits

VERIFICATION / FINDINGS

Yes !! Legal authorizations have references to forestry sites within farm under management, species and volumes to harvest. CONAF (Cooperación Nacional Forestal) verify these activities regularly, punish and cancel permits if un-normal practices are detected.

- f) Evidence of timber purchases

VERIFICATION / FINDINGS

Yes !! CMPC supply timber to Planta Laja from own forests and independent producers' forests. To get an authorization to harvest these forests law must be follow throughout all supply chain. CMPC has records of all the Contracts and Transportation documents produced on third parties farms. Rainforest Alliance visited some of these areas and maintain records of legal documentation.

- g) Evidence of payment of royalties or other fees (i.e. fees on harvesting rights)

VERIFICATION / FINDINGS

Yes !! There are no evidences of unpaid fees to local authorities. For each harvesting plan foresters must pay a fee, if they do not do this they can not harvest planted forests. Chile has a strong governmental control recognized by the international community.

- h) Evidence of compliance with applicable CITES requirements

N/A !! Note: Most common sources of verification: An up to date list of tree species harvested and sold in the FMU. An up to date list of tree species that are listed in Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). National permits for harvest or trade of any CITES-listed species, if applicable.

CMPC grows, cut and buy exotic pines to supply Planta Laja pulp mill facility. There is no native forest logging harvesting; furthermore there is a formal policy to protect these native areas.

VERIFICATION / FINDINGS

N/A !! Note: Most common sources of verification: An up to date list of tree species harvested and sold in the FMU. An up to date list of tree species that are listed in Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). National permits for harvest or trade of any CITES-listed species, if applicable.

CMPC grows, cut and buy exotic pines to supply Planta Laja pulp mill facility. There is no native forest logging harvesting; furthermore there is a formal policy to protect these native areas.

- i) Evidence of compliance with timber transportation documents

VERIFICATION / FINDINGS

Yes !! **Findings:** Rainforest Alliance made verifications and keep records (photograph taken during the Audit) of legal timber transportation documents. At the entrance of Planta Laja the truck driver must give to CMPC's entrance officer the legal documentation:

- Ticket de Aceptación de Garita: That is a ticket given during the permanence of the truck after its acceptance was confirmed (if the wood was not required the permit to go towards is denied);
- Guía de Despacho: When a truck is leaving a farm to Planta Laja, the Company fill this legal document that contain a sequential numeration, general data (site, date, owner, logger), species, volumes, etc. At the same time through this document is possible to know if the wood is FSC Certified or if it is Controlled Wood.
- Guía de Movimiento de Madera: It has almost the same information than the previous document, plus a scanned of measures (weight, length and width). CMPC record these documents for 5 years.

- 1.2 The Company shall demonstrate that species and qualities harvested are classified correctly.

VERIFICATION / FINDINGS

Since the industrial process has a high specified production to obtain specific pulp qualities that the Company sells, Planta Laja has a strict control on species and qualities bought.

2. Wood harvested in violation of traditional and civil rights

The ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

The Declaration covers the following four areas:

Freedom of association and the right to collective bargaining;

The elimination of forced and compulsory labour;

The abolition of child labour, and;

The elimination of discrimination in the workplace.

Guidelines:

The forest management enterprise shall not supply as controlled, wood harvested from forest management units where there are conflicts relating to long term tenure or use rights to the land and forest resources by traditional or indigenous peoples groups and/or civil society groups which are of substantial magnitude; which involve a significant number of interests and for which a resolution process has not been agreed by the main parties to the dispute.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance. This shall include but is not restricted to:

- documentation¹ showing identification of all local communities, traditional and indigenous peoples in the forest management unit and adjacent area;
- documentation showing the forest management enterprises' ownership or legal right to harvest;
- documentation² recording traditional rights as identified by the communities and peoples groups identified in a) above;
- documented evidence³ of consultation with local communities, traditional and indigenous peoples groups identified in a) above;
- documented evidence of the process by which any disputes are being resolved, which has the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned.

REQUIREMENTS /

2.1. It was confirmed that there are no conflicts relating to land tenure or land use rights of traditional or indigenous peoples groups in the FMUs from which it is sourcing wood, which are of substantial magnitude; which involve a significant number of interests; and for which a resolution process has not been agreed by the main parties to the dispute (See Section 2.3 below).

VERIFICATION / FINDINGS

Yes !! In accordance to current evidence and Stakeholders consultation process, can be assume the Company does not has any big conflicts relating to land tenure or land use rights, and when they occur CMPC follow legal procedures to resolve them. Forestry operations occur on private properties and in accordance with local and national laws.

CMPC verifies this category when independent suppliers are located at a risky Comuna (District).

2.2. No evidence of violation of the International Labour Office Fundamental Principles and Rights at Work in the FMU nor of the International Labour Office Convention 169 on Indigenous and Tribal Peoples were reported or detected?

VERIFICATION / FINDINGS

Yes !! CMPC's employees have internal committees to negotiate with the owner and no restrictions were detected. Chile is not designated as source of conflict timber regarding to international qualification standards. This country has a Labor Code (Código del Trabajo) and a strong governmental control system. CMPC had achieved a local certification (CERFOR) recognized by international forestry certification system (PEFC); and one of the properties the Company bought has its forest management certified by FSC (Forestal Monte Águila). In accordance with this, the Company had developed a very strict frame on labor conditions. Rainforest Alliance took some photographs at field as evidence.

CMPC verifies this category when independent suppliers are located at a risky Comuna (District) and maintain records of these audits.

¹ E.g. maps

² E.g. maps

³ E.g. minutes of meetings

2.3. In cases where a resolution process is in place (See Section 2.1 above), documented evidence of the process by which any disputes are being resolved, which demonstrates the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned, are available?

VERIFICATION / FINDINGS

Yes !! CMPC follow legal requirements to resolve claims on properties tenure. As a result of the Stakeholder consultation process was known that these third parties believes CMPC has a very respectful attitude and do not disturb authorities work to resolve these issues.

3. Wood harvested in forests in which high conservation values are threatened by management activities

If local conditions or relationship with suppliers do not allow FMU level assessment to happen, the Company shall demonstrate that forest management activities in the areas being harvested do not threaten high conservation values in these areas. The decision of looking at HCV only at the areas being harvested has to be adequately justified. If there is evidence of threats to HCV elsewhere in the FMU the Company shall assess HCVs at the FMU level.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested from non FSC-certified forest management units where forest management activity has the potential to cause irreversible effects on any of the high conservation values present.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 4.1 above. Documented evidence shall include but is not restricted to:

- a documented assessment that identifies high conservation values and confirms the absence of threat to the biological, environmental, social and cultural high conservation values from forest management activity in the forest management unit;
- documented evidence⁴ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area with respect of social or environmental aspects to confirm the findings of the assessment;
- documented evidence of consultation with representatives and members of communities and indigenous peoples living in or adjacent to the forest management unit, to confirm the findings of the assessment.

If the forest enterprise is unsure whether a forest management unit has high conservation values present, then the precautionary approach shall be adopted and no wood shall be supplied until the presence of high conservation values has been assessed and appropriate management can be planned accordingly.

⁴ For example minutes of meetings, letters of invitation, photographs

In countries where there is a national definition of high conservation value forests (HCVF) as part of an FSC accredited or draft FSC national or sub-national standard, then this shall be used as the basis of the assessment specified in Section 4.2 a) above⁵.

REQUIREMENTS /

3.1. It was confirmed that the forest management activities in the FMU do not threaten high conservation values in accordance with Section 3.2 below.

VERIFICATION / FINDINGS /

Yes !!CMPC has a Forest Management Plan, procedures and other documents (eg: maps, field instructions, etc) to avoid threat areas with high conservation values.

All the third parts farm visited had small stands of pine and/or eucalyptus within bigger properties. Most of the stands visited were apart from rivers, other wetlands and native forests. The only one farm that was already harvest a couple of weeks before, presented a well conserved river protection (riparian) area.

CMPC verifies this category when independent suppliers are located at a risky Comuna (District) and maintain records of these audits.

3.2. Records of evidence to demonstrate compliance with Section 3.1 above are kept for minimum period of 5 years.

Evidence includes but is not restricted to:

- a) records of an assessment (e.g. rapid ecological assessment, environmental or social impact assessment or wildlife census) appropriate to the size of the FMU and intensity of management to identify the presence of high conservation values;
- b) evidence⁶ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area, in relation to identifying HCVs and threats to them, with respect to social or environmental aspects. Where relevant, the assessment shall include consultation with representatives and members of communities and indigenous peoples living in or adjacent to the FMU;
- c) a list of the high conservation values thus identified in the FMUs, together with evidence indicating that these high conservation values are not threatened in the FMUs.

VERIFICATION / FINDINGS /

a) - The Company works in different lines in relation to HCVs. Starting with a public environment policy, CMPC has a public commitment to protect, study and share knowledge on native forests activities. CMPC verifies this category when independent suppliers are located at a risky Comuna (District) and maintain records of these audits. To determinate the size of the sample to be verified CMPC follow the current FSC Standard requirements.

b) - CMPC has agreements with international and local NGOs to protect wild areas within the property. Moreover, the Company participate in meetings with local Representatives of WWF and some other forestry companies, to define and implement methodologies in relation to HCV sites. In accordance with the work the Company is developing to achieve FSC Certification, the HCV jobs is being improving.

c) - CMPC has some areas that present high conservation values within its properties. The Company supports different projects in relation to biodiversity protection.

⁵ FSC national and regional standards can be obtained from the FSC national contact person. Contact details of national contact persons are available on www.fsoax.org

⁶ For example minutes of meetings, letters of invitation, photographs

4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest

Intent Box: This category is only for wood from natural and semi natural forests that are being converted to plantations or non-forest uses.

Guidelines:

The forest management enterprise shall not supply as controlled wood which has resulted from the conversion of natural forest to plantations or non-forest uses, except as permitted by Section 7.3 below.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 7.1 above. Documented evidence shall include but is not restricted to:

- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit.

Community forest areas where conversion is part of a community land use plan endorsed through a participatory process and which is < 5 % of the forest area, may supply wood which has been converted from natural forest to non-forest uses as controlled.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance with Section 7.3 above. Documented evidence shall include but is not restricted to:

- land use plan covering conversion of natural forest to non-forest use;
- documented evidence of consultation with representatives and members of communities endorsing the land-use planning.

REQUIREMENTS

4.1. It was confirmed that all types of natural and semi-natural forests and other wooded ecosystems such as woodlands and savannahs in the FMUs are not being converted to plantations or non-forest uses in accordance with the requirements outlined, except as permitted by Section 4.3 below.

VERIFICATION / FINDINGS

The Risk Assessment document that was developed by FSC Chile determinate that this category does not apply in the whole country when controlled wood is purchase from plantations.

4.2. The Company shall keep records of evidence to demonstrate compliance with Section 4.1 above for a minimum period of 5 years.

VERIFICATION / FINDINGS

Yes !!

4.3. Forest conversion to plantations or non-forest land uses is not occurring, except in circumstances where conversion:

<p>a) entails a very limited portion of the forest management unit;</p> <p>b) does not occur on high conservation value forest areas; and</p> <p>c) will enable clear, substantial, additional, secure long term environmental and social benefits across the forest management unit.</p>
VERIFICATION / FINDINGS
N/A

5. Wood from forest management units in which genetically modified trees are planted

Guidelines:

Wood harvested from genetically modified (GM) trees

The forest management enterprises operating in plantations shall not supply as controlled, wood harvested from GM trees⁷.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 5.1 above. Documented evidence shall include but is not restricted to:


- documentation from national regulatory bodies confirming the locations and species of GM tree trials within the forest area;
- a statement signed by the senior executive that the forest management enterprise does not supply wood from GM trees.

REQUIREMENTS

5.1. No genetically modified trees are present in the FMUs from which it sources FSC Controlled Wood
VERIFICATION / FINDINGS
The Risk Assessment document that was developed by FSC Chile determine that the District shall be considered as low risk for this category.
5.2. Procedures are available to ensure that the records of evidence to demonstrate compliance with Section 5.1 above is kept for a minimum period of 5 years.
VERIFICATION / FINDINGS
N/A

⁷ Note, this provision does not exclude traditional tree-breeding programs.

End of report

	SGS QUALIFOR (Associated Documents)	Doc. Number:	AD 54-G-01
		Doc. Version date:	01 September 2008
		Page:	1 of 16

REQUIREMENTS FOR COMPANY FMU VERIFICATION PROGRAM

(Based on Annex 3 of FSC-STD-40-005 V2-1 - Company Evaluation of Controlled Wood)

INTRODUCTION

Requirements for company verification program

There are 3 options for avoiding the purchase of wood from “unacceptable sources”:

1. Buying FSC certified material.
2. Buying FSC Controlled Wood (from a COC certified company that are certified to sell FSC controlled wood)
3. Include wood material in the company’s own verification program. (“self controlled wood”)

Companies implementing an FSC Controlled Wood verification program sourcing from areas that cannot be classified as low risk shall ensure that it is in compliance with the requirements specified below. This must be done for each FMU from an unspecified risk district.

NOTE: The Company can choose to develop its own verification program or authorize another organization to do it.

As part of a verification program the (potential) district(s) of origin (where the company is planning to buy wood from), must be determined and a documented and systematic risk assessment performed for each district of origin (Annex 2 of FSC-STD-40-005: refer SGS Qualifor Reference Document 16 and AD54-F).

If a district cannot be considered “low risk” for any of the “unacceptable sources” (“controlled wood categories”) FSC requires you to carry out on-site audits at the level of the forest management unit (FMU). The results of this audit process will be reviewed by SGS and the company shall ensure that the required documents and other evidence as required under Section D (below) are available for verification by SGS.

Reports or records of verification audits shall be accessible to SGS and FSC-authorized personnel on request.

This document can be used to do the on-site audit to ensure that the requirements from FSC are followed.

NOTE: The Company may develop alternative measures in its verification program to ensure the compliance with the intent of this standard, which is, to avoid wood coming from the five categories.

Any findings against these requirements will lead to the disqualification of the supplier and the wood may not be used in an FSC certified Mixed products.

A CERTIFIED COMPANY DETAIL

Company Name:		MD Papeis Ltda
Certificate Number		SGS-COC- Non-applicable
Controlled Wood Certificate Number		SGS-CW- Non-applicable
Country:		Brazil
Company Address		<p>Physical Address: Rodovia: Anchieta, 53,5 Cep: 11546-901 Vila Fabril Cubatão - SP</p> <p>Postal Address:</p>
Contact detail:	Contact person:	Júlio César Tomás Alves
	Telephone:	(11) 4441-7850
	Fax:	(11) 4441-7800
	e-mail Address	julio@mdpapeis.com.br
Assessment done by:		Rodrigo Vaz Domingues
Relation to the company:		Environment Coordinator
Date:		17/02/2010
Signature		Rodrigo Vaz Domingues

B SUPPLIER DETAIL

Company Name:		CMSP – Companhia Melhoramentos de São Paulo
Country:		Brazil
Company Address		The property known as Fazenda Florestal (CNPJ/MF nº 60.730.348/0001-66) consists of properties owned by Companhia Melhoramentos de São Paulo (CMSP). The lots comprising the audited Fazenda Florestal were located in the cities of Caieiras, Cajamar, Franco da Rocha and São Paulo, with a total area of 5.323.9951 ha., according to planimetric commissioned by CMSP.
Type of source e.g. natural forest or plantations and general description of the supplier		Eucalyptus species

Summary of Results

<u>Categories</u>	<u>Motivation</u>	<u>(Low or unspecified)</u>
Illegally harvested wood;	No!! The company has a forest management plan prepared by a competent professional.	Low
Wood harvested in violation of traditional and civil rights;	There is no evidence of the presence of indigenous land in the area owned by the company Melhoramentos company – as per consult to FUNAI.	Low
Wood harvested in forests where high conservation values are threatened by management activities;	The company does not manage native forest, the wood pulp comes from forest plantations.	Low
Wood harvested in forests being converted to plantations or non- forest use;	There is no designated area for the exclusive plantation of Eucalyptus, once the company does not manage native forest.	Low
Wood from forests in which genetically modified trees are planted.	There are no genetically modified trees of the Eucalyptus species authorized and licensed for trading by the Comissão Técnica Nacional de Biossegurança (National Technical Commission of Biosafety) –CNTBio. (site: http://www.ctnbio.gov.br).	Low

C General requirements

1. Company verification program –

REQUIREMENT	FINDINGS
<p>1.1. Is evidence available to confirm that wood/fibre coming from a particular supplier has been controlled for the category or categories of wood:</p> <ul style="list-style-type: none"> a) <i>forest areas where traditional or <u>civil rights</u> are violated by forest management activities;</i> b) <i>forest management units having <u>high conservation values which are threatened</u>;</i> c) <i><u>genetically modified (GM)</u>;</i> d) <i>forest management units which have been harvested illegally;</i> e) <i><u>natural forest</u> that has been converted to <u>plantations</u> or non-forest.</i> 	<p>The evidences are described in the audit report as well as in the items under the topic "D".</p>
<p>1.2. Verification was conducted by personnel who have sufficient expertise and knowledge to be able to fulfil the inspection in accordance with the requirements.</p>	<p>Yes!! According to audit report</p>
<p>1.3. For each of the five categories that cannot be considered low risk, the company shall identify and provide the rationale for documents and other evidence needed to demonstrate that wood complies with the requirements for FSC Controlled Wood for that specific category.</p>	<p>Yes!! Controlled Material</p>
<p>a) Illegally harvested wood;</p>	<p>Yes!! Controlled Material</p>
<p>b) Wood harvested in violation of traditional and civil rights;</p>	<p>Yes!! Controlled Material</p>
<p>c) Wood harvested in forests where high conservation values are threatened by management activities;</p>	<p>Yes!! Controlled Material</p>
<p>d) Wood harvested in forests being converted to plantations or non- forest use;</p>	<p>Yes!! Controlled Material</p>
<p>e) Wood from forests in which genetically modified trees are planted.</p>	<p>Yes!! Controlled Material</p>
<p>1.4. All documents and other evidence required under Section B (below) are available for verification by SGS.</p>	<p>Yes!! According to audit report</p>

REQUIREMENT	FINDINGS
1.5. Are verification audits conducted on an annual basis?	Yes!!
1.5.1. Which documents and evidence were verified and how are they verified? How are the authenticity of the specified documentation and other evidence confirmed?	Yes!! According to audit report.
1.5.2. The audit process included consultation with: a) relevant stakeholders, b) staff interviews and c) field visits to harvesting sites.	Yes!! According to audit report.

Guidelines:

The stakeholder consultation shall ensure at least the following:

- key stakeholders (including potentially marginalized groups e.g. women) have been identified and invited to participate in the consultation with sufficient prior notice;
- the consultation process is open and transparent;
- stakeholders have access to necessary information to ensure effective participation in the consultation process.
- a process for recording, evaluating and addressing stakeholders’ concerns.
-

List of Stakeholders /

Stakeholder & Contact detail	Stakeholder’s Comments	Supplier’s Comments

List of Staff interviewed

Staff member and post	Topics and Members Comments	Supplier's Comments

Obs: audit report as – Interviews penultimate page of the report.

SAMPLING

- 1.6. The number of verification audits that took place was determined according to the sampling specified.
- 1.7. The FMUs were classified as sets of 'similar' units for the purpose of sampling. The sets were selected to minimize variability within each set.
- 1.8. For each set of 'similar' FMUs the company shall select at least 0.8 times the square root of the number of units for evaluation per annum.

For sets that consist entirely of FMUs that qualify as Small or Low Intensity Managed Forests (SLIMFs), the number of units selected shall be at least 0.6 times the square root of the number of units (y) within that group (i.e. $x = 0.6\sqrt{y}$), rounded to the upper whole number.

The table below provides some examples of sampling intensities:

y (total number of FMUs in set for sampling)	X (sample)= $0.8\sqrt{y}$	X (sample for sets of SLIMFS)= $0.6\sqrt{y}$
1	1	1
2-7	2	1
8-11	3	2
12-24	3	3
25-39	4	3
40-44	5	4
45-56	5	5
n	$0.8\sqrt{n}$	$0.6\sqrt{n}$

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Brazil - 100% planted Eucalyptus Forest.	The property known as Fazenda Florestal (CNPJ/MF nº 60.730.348/0001-66) consists of properties owned by Companhia Melhoramentos de São Paulo (CMSP). The lots comprising the audited Fazenda Florestal were located in the cities of Caieiras, Cajamar, Franco da Rocha and São Paulo.	Total area of 5.323.9951 ha., according to planimetric commissioned by CMSP.
Sampling justification according to 1.8 above.		

Set Number:

Forest type (e.g. natural forest, plantation)	Geographical location (district)	Size of operation (e.g. SLIMF)
Sampling justification according to 1.8 above.		

REQUIREMENT	FINDINGS
1.9. Samples for field verification were defined randomly	Yes!! According to audit report.
1.10. Verification audits were conducted before the wood were used in FSC certified mixed products.	Yes!! According to audit report.
1.11. Any consultation with staff and workers shall take place unaccompanied by management representatives from the company.	Yes!! According to audit report.
1.12. All reports or records of verification audits are maintained for at least 5 years and include: <ul style="list-style-type: none"> a) the findings of the verification, b) the extent to which it was possible to conduct the verifications in the manner described above, and c) the experience and qualifications of the personnel conducting the verification. 	Yes!! According to audit report.

D Specific requirements

This part establishes the specific requirements that a company verification program shall evaluate for compliance in the categories not considered as low risk in its risk assessment.

1. Illegally harvested wood

NOTE: When looking for documentation in table 1 the company shall verify that legal procedures have been used by their suppliers to gain permits and licenses.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested in violation of national laws, including the acquisition of the harvesting rights and the harvesting methods used.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance. Documented evidence shall include but is not restricted to:

- concession license and/or harvesting permit (approved by appropriate government authority);
- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit; maps; documents showing harvesting volumes and protected areas;
- an up-to-date register of all statutes, guidelines and regulations;
- sales contracts showing volumes sold;
- evidence of payment of royalties;
- an up to date list of tree species in the FMU that are listed in Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and relevant permits for their harvest and trade.
- The company shall ensure that the correct procedures were used to gain permits and licences and species harvested are classified correctly.

REQUIREMENTS

1.1. The wood sourced was harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance with the requirements outlined in Table 1 below.

a) Evidence of legal authority to harvest

VERIFICATION / FINDINGS /

The following documents were presented showing the legality and good standing of the company:

- Environmental License LO Cetesb
- Cnem – Conselho Nacional de Energia Nuclear (National Council for Nuclear Energy)
- ART – Certificate of Note of Technical Responsibility.
- Ibama – Federal Technical Registry “Certificate of Regularity”

b) Evidence of compliance with applicable management planning requirements

VERIFICATION / FINDINGS

The Melhoramentos company has forest management plan prepared by a competent professional: Engineer Engenheiro André Luis dos Santos. CREA/73298 PR/D.

The document provides information about the property, the forest management purpose, location of areas and land use, description of forestry activities, management and data of forest inventory, harvesting and transport of wood.

c) Specification of applicable harvesting restrictions

VERIFICATION / FINDINGS

The company does not manage native forest. Thus, there are no restrictions for cutting diameter. The forest management plan of the company has forest inventory estimating volume through a rigorous cubage system. The model used to estimate the volume is the Schumacher and Hall.

d) Evidence that timber is harvested from areas designated to harvesting (e.g. not from protected areas where harvesting is not allowed)

VERIFICATION / FINDINGS

It was presented a map of the forest management unit containing the location of plantation land as well as the areas of legal reserve and permanent preservation areas. The wood used in the manufacture of wood pulp comes from forest plantations.

Plantation areas were visited during the audit. At harvest activity it was observed reserve areas as well as areas of permanent preservation duly intact.

e) Evidence that harvesting rate is within the applicable limits

VERIFICATION / FINDINGS

The company does not manage native forest. Thus, there are not restrictions on how much they collect. The volumes harvested are defined by the forest inventory. Checking estimated values in the forest management plan of the company, the defined volumes are consistent to the valued found in other inventories for areas of Eucalyptus plantation in Brazil.

It was verified through interviews that the Melhoramentos company has a qualified staff to the management of its areas of forest plantation.

f) Evidence of timber purchases

VERIFICATION / FINDINGS

The company produces the wood pulp from Eucalyptus species. The wood pulp Mill is located within the forest management unit of the Melhoramentos Florestal S.A. company.

During the audit it was visited the access gate where the whole forest raw material is received.

The wood that comes from the own UMF follows to the mill together with a transport invoice. Checked in the department of reception of the raw material "CBI –Control of Internal Transshipment" CBI 8062 (05/11/09), CBI 8095 (06/11/09) and CBI 8080 (05/11/09) making reference to location, plantation year, plantation land, etc.

g) Evidence of payment of royalties or other fees (i.e. fees on harvesting rights)
VERIFICATION / FINDINGS
<p>Clearance certifications were presented to the major duties and obligations applicable to the company.</p> <p>Certification N° 2087265, dated of 11/09/09. Nothing about bankruptcy, judicial and extrajudicial recoveries during the period of 10 years prior to 04/Sept/09.</p> <p>Certificate of regularity of FGTS – CRF – lawfully attested by “Caixa Econômica Federal” from 08/Sept/09 to 07/Oct/09.</p> <p>Nothing in federal tax debt and active union validity of 20/Dec/09.</p>
h) Evidence of compliance with applicable CITES requirements
VERIFICATION / FINDINGS
Not applicable. The company does not manage native species.
i) Evidence of compliance with timber transportation documents
VERIFICATION / FINDINGS
<p>It was checked by sampling: invoices of shipment of finished products (Wood pulp): DANFE 000.008.763 serie 1, dated of 28/Oct/09, and DANFE 000.007.127 serie 1, dated of 19/Oct/09, informing data about the supplier, customer, description and quantity of product.</p> <p>Checked during the audit at the wood harvest activity, the invoice of internal transport “CBI – Control of Internal Transshipment” CBI 8062 (05/11/09), CBI 8095 (06/11/09) and CBI 8080 (05/11/09) making reference to location, plantation year, plantation land, etc.</p>
1.2 The Company shall demonstrate that species and qualities harvested are classified correctly.
VERIFICATION / FINDINGS
They plant the Eucalyptus species as described in the Audit Report.

2. Wood harvested in violation of traditional and civil rights

The ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

The Declaration covers the following four areas:

Freedom of association and the right to collective bargaining;

The elimination of forced and compulsory labour;

The abolition of child labour, and;

The elimination of discrimination in the workplace.

Guidelines:

The forest management enterprise shall not supply as controlled, wood harvested from forest management units where there are conflicts relating to long term tenure or use rights to the land and forest resources by traditional or indigenous peoples groups and/or civil society groups which are of substantial magnitude; which involve a significant number of interests and for which a resolution process has not been agreed by the main parties to the dispute.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance. This shall include but is not restricted to:

- documentation¹ showing identification of all local communities, traditional and indigenous peoples in the forest management unit and adjacent area;
- documentation showing the forest management enterprises' ownership or legal right to harvest;
- documentation² recording traditional rights as identified by the communities and peoples groups identified in a) above;
- documented evidence³ of consultation with local communities, traditional and indigenous peoples groups identified in a) above;
- documented evidence of the process by which any disputes are being resolved, which has the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned.

REQUIREMENTS /

2.1. It was confirmed that there are no conflicts relating to land tenure or land use rights of traditional or indigenous peoples groups in the FMUs from which it is sourcing wood, which are of substantial magnitude; which involve a significant number of interests; and for which a resolution process has not been agreed by the main parties to the dispute (See Section 2.3 below).

VERIFICATION / FINDINGS

Maps were presented referring to the indigenous land situation at the State of São Paulo. Consults to the website of FUNAI (www.funai.gov.br/mapas/fundirio/sp/fun_sp.htm) on 05/Nov/09. There is no evidence of the presence of indigenous land at the area owned by Melhoramentos company.

It was also presented a mapping of the "Quilombolas" communities recognized and titled and communities pointed to recognition. There is no evidence of the presence of "Quilombolas" communities at the area owned by Melhoramentos company. Website: <http://ocarete.org.br/wp-content/uploads/2009/02/mapa-quilombosp.gif>

2.2. No evidence of violation of the International Labour Office Fundamental Principles and Rights at Work in the FMU nor of the International Labour Office Convention 169 on Indigenous and Tribal Peoples were reported or detected?

VERIFICATION / FINDINGS

The company fulfill with all servant labor, according to survey conducted during the audit and stated in the Audit Report.

¹ E.g. maps

² E.g. maps

³ E.g. minutes of meetings

2.3. In cases where a resolution process is in place (See Section 2.1 above), documented evidence of the process by which any disputes are being resolved, which demonstrates the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned, are available?

VERIFICATION / FINDINGS

Yes!! All required documentation was duly presented by the company – according to Audit Report.

3. Wood harvested in forests in which high conservation values are threatened by management activities

If local conditions or relationship with suppliers do not allow FMU level assessment to happen, the Company shall demonstrate that forest management activities in the areas being harvested do not threaten high conservation values in these areas. The decision of looking at HCV only at the areas being harvested has to be adequately justified. If there is evidence of threats to HCV elsewhere in the FMU the Company shall assess HCVs at the FMU level.

Guidelines:

The forest management enterprise shall not supply as controlled, wood which has been harvested from non FSC-certified forest management units where forest management activity has the potential to cause irreversible effects on any of the high conservation values present.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 4.1 above. Documented evidence shall include but is not restricted to:

- a documented assessment that identifies high conservation values and confirms the absence of threat to the biological, environmental, social and cultural high conservation values from forest management activity in the forest management unit;
- documented evidence⁴ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area with respect of social or environmental aspects to confirm the findings of the assessment;
- documented evidence of consultation with representatives and members of communities and indigenous peoples living in or adjacent to the forest management unit, to confirm the findings of the assessment.

If the forest enterprise is unsure whether a forest management unit has high conservation values present, then the precautionary approach shall be adopted and no wood shall be supplied until the presence of high conservation values has been assessed and appropriate management can be planned accordingly.

In countries where there is a national definition of high conservation value forests (HCVF) as part of an FSC accredited or draft FSC national or sub-national standard, then this shall be used as the basis of the assessment specified in Section 4.2 a) above⁵.

⁴ For example minutes of meetings, letters of invitation, photographs

REQUIREMENTS /

3.1. It was confirmed that the forest management activities in the FMU do not threaten high conservation values in accordance with Section 3.2 below.

VERIFICATION / FINDINGS /

According to information from the responsible engineer, there was no evidence of high value conservation forest within the forest management unit. The company is in the process of regularizing the registration of legal reserve and permanent preservation areas.

During the audit it was not verified plantation at the preservation areas

3.2. Records of evidence to demonstrate compliance with Section 3.1 above are kept for minimum period of 5 years.

Evidence includes but is not restricted to:

- a) records of an assessment (e.g. rapid ecological assessment, environmental or social impact assessment or wildlife census) appropriate to the size of the FMU and intensity of management to identify the presence of high conservation values;
- b) evidence⁶ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area, in relation to identifying HCVs and threats to them, with respect to social or environmental aspects. Where relevant, the assessment shall include consultation with representatives and members of communities and indigenous peoples living in or adjacent to the FMU;
- c) a list of the high conservation values thus identified in the FMUs, together with evidence indicating that these high conservation values are not threatened in the FMUs.

VERIFICATION / FINDINGS /

The Melhoramentos company has a forest management plan conducted by a competent professional: Engineer André Luis dos Santos. CREA/73298 PR/D.

The document provides information about the property, the forest management objective, location of areas and land use, description of forestry activities, management and data of forest inventory, harvesting and wood transport.

4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest

Intent Box: This category is only for wood from natural and semi natural forests that are being converted to plantations or non-forest uses.

Guidelines:

The forest management enterprise shall not supply as controlled wood which has resulted from the conversion of natural forest to plantations or non-forest uses, except as permitted by Section 7.3 below.

⁵ FSC national and regional standards can be obtained from the FSC national contact person. Contact details of national contact persons are available on www.fsc.org

⁶ For example minutes of meetings, letters of invitation, photographs

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 7.1 above. Documented evidence shall include but is not restricted to:

- maps and/or documents showing the location of harvesting within the harvesting license or permit area;
- a forest management plan for the forest management unit.

Community forest areas where conversion is part of a community land use plan endorsed through a participatory process and which is < 5 % of the forest area, may supply wood which has been converted from natural forest to non-forest uses as controlled.

The forest management enterprise shall make available on request documented evidence to demonstrate compliance with Section 7.3 above. Documented evidence shall include but is not restricted to:

- land use plan covering conversion of natural forest to non-forest use;
- documented evidence of consultation with representatives and members of communities endorsing the land-use planning.

REQUIREMENTS

4.1. It was confirmed that all types of natural and semi-natural forests and other wooded ecosystems such as woodlands and savannahs in the FMUs are not being converted to plantations or non-forest uses in accordance with the requirements outlined, except as permitted by Section 4.3 below.

VERIFICATION / FINDINGS

There is no evidence about the conversion of native forests for forestry plantation in the property of Melhoramentos Florestal. It was presented air photos of the property in 1972 and 2009.

According to the photographs, it was verified that in 1972 the area had already been reforested.

4.2. The Company shall keep records of evidence to demonstrate compliance with Section 4.1 above for a minimum period of 5 years.

VERIFICATION / FINDINGS

Yes !!

4.3. Forest conversion to plantations or non-forest land uses is not occurring, except in circumstances where conversion:

- a) entails a very limited portion of the forest management unit;
- b) does not occur on high conservation value forest areas; and
- c) will enable clear, substantial, additional, secure long term environmental and social benefits across the forest management unit.

VERIFICATION / FINDINGS

N/A

5. Wood from forest management units in which genetically modified trees are planted

Guidelines:

Wood harvested from genetically modified (GM) trees

The forest management enterprises operating in plantations shall not supply as controlled, wood harvested from GM trees⁷.

The forest management enterprise shall keep records of and make available on request documented evidence to demonstrate compliance with Section 5.1 above. Documented evidence shall include but is not restricted to:

- documentation from national regulatory bodies confirming the locations and species of GM tree trials within the forest area;
- a statement signed by the senior executive that the forest management enterprise does not supply wood from GM trees.

REQUIREMENTS

5.1. No genetically modified trees are present in the FMUs from which it sources FSC Controlled Wood
VERIFICATION / FINDINGS
<p>There are no genetically modified trees of the Eucalyptus species authorized and licensed for trading by the Comissão Técnica Nacional de Biossegurança (National Technical Commission of Biosafety) –CNTBio. (site: http://www.ctnbio.gov.br).</p> <p>The Melhoramentos company acquires seedlings by arboretum (nursery garden) of the same company located at Camanducaia city in the State of Minas Gerais (checked invoice nº : 077839 Serie 1, dated of 10/06/09) as well as through the purchase from other companies. Checked by sampling, purchase of seedlings:</p> <ul style="list-style-type: none"> ■ IPEF – Instituto de pesquisa e estudos florestais/ Institute of Research and Forestry Study (NF 033612-29/07/09, RENASEM 01028/2006); ■ Acesita Energética LTDA (NF 027020 – 28/01/09, RENASEM 00708/2006) and, ■ MP Administradora Florestal Ltda (NF 004479 – 26/06/09, RENASEM 00757/2006). <p>The above mentioned seedling purchase invoices indicate the quantity of plant seedlings acquired, its origin as well as the number of National Register of Seeds and seedlings, issued by the Agriculture Ministry.</p>
5.2. Procedures are available to ensure that the records of evidence to demonstrate compliance with Section 5.1 above is kept for a minimum period of 5 years.
VERIFICATION / FINDINGS
Yes!!

End of report

⁷ Note, this provision does not exclude traditional tree-breeding program^{mes}.