

**FOREST PLANTATION MANAGEMENT  
AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY  
CERTIFICATION EVALUATION REPORT FOR  
CACERES FLORESTAL S/A**

**STATE OF MATO GROSSO - BRAZIL  
CONDUCTED UNDER THE AUSPICES OF THE FSC  
AND SCS FOREST CONSERVATION PROGRAM**  
Certification program accredited by FSC

Certification registration number  
**SCS-FM/COC-00091P**

**SUBMITTED TO**

**CACERES FLORESTAL S/A**  
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Coordinated by Roberto E. Bauch

Field audit April 25-28, 2005  
Date of Final Report: January 13, 2006  
Updated: August 2006 (See Section 6.1)  
Updated: September 2007 (See Section 6.2)  
Updated: September 2008 (See Section 6.3)  
**Updated: May 2009 (See Section 6.4)**

Date of certification: December 31, 2005

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**Organization of the Report**

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

**Certification Process**

Certification process of **Caceres Florestal S/A** forest management, in the Mato Grosso State, Brazil, covering a total area of **3.201,52** hectares, being the teak planted areas of **1.444,68** hectares and conservation areas **1.530.06** hectares.

## **FOREWORD**

Scientific Certification Systems (SCS), a certification body accredited by the Forest Stewardship Council (FSC), was retained by CACERES FLORESTAL S.A to conduct a certification evaluation of its forest plantations located in the State Mato Grosso. Under the FSC/SCS certification system, forest management operations meeting the international standards of forest stewardship, as well as ones defined by the Brazil Working Group for Management of Forest Plantations (v. 8.0, May 2003) can be certified as “well-managed”, thereby enabling use of the FSC endorsement and logo in the marketplace.

In April 2005, an interdisciplinary team of environmental resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a four-day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team assigned performance scores to the 70 FSC Brazil criteria and, from those scores, generated weighted average performance scores for each of the 10 FSC Principles in order to determine if this forest operation warranted certification.

This report is issued in support of the recommendation to award FSC-endorsed certification for the CACERES FLORESTAL S.A. forest plantation management in the State of Mato Grosso, Brazil. As detailed in the following, some non-conformities (also known as Major CARs) were defined by the evaluation team after the field audit and delivered to Caceres Florestal. SCS has verified that Caceres has completed these CARs prior to the finalization of this report. In the event that certification is awarded, Scientific Certification Systems will post this public summary of the report on its website [www.scscertified.com](http://www.scscertified.com)

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## SECTION A – PUBLIC SUMMARY & BACKGROUND INFORMATION

### 1.0 GENERAL INFORMATION

#### 1.1 – FSC DATA REQUEST

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Certificate Code	SCS-FM/COC-091P	
Certificate Duration	December 31, 2005-December 31, 2010	
Certification type	Multiple farms (FMU),but only one Management Plan	
UMF number	04	
FMU evaluated with less than 100 ha of area	01	
From 100 a 1.000 ha de area	02	
From 1.000 a 10.000 ha de area	01	
More than 10.000 ha de area	00	
Geographic Coordinates of the certified farms		
Latitude	15° 56´ 24” S	15° 24´ 59” S
Longitude	57° 40´ 42” w	58° 37´ 23” W
Forest region	Subtropical and savanna	
Total Forest area included in the FMU	3,201.52 ha	
UIT With less than100 ha of area	31.30 ha	
Between 100 a 1.000 ha of area	580.12 ha	
Between 1.000 a 10.000 ha of area	2590.10 ha	
More than 10.000 ha of area	00	
Land tenure	Particular (100%)	
Number of Forest workers including third part workers that act in the certificate area	87	
Forest protection area protected from the	1,530.06 ha	

harvest activities, and managed with priority for conservation	
Forest area defined like high conservation Forest	none
List of High conservation values	none
Productive Forest area	1,444.68 ha
Productive Forest area classified like “plantation” for the Annual Accreditation Tax (AAF)	1,444.68 ha
Commercial wood list included in the evaluation ( botanic and usual name)	Teak – <i>Tectona grandis</i>
Authorized harvest approximate	5.000 m <sup>3</sup> timber /yr. for sawmill
Certificate product category list together with FM/COC e therefore can be sold as FSC products	Teak Logs and timber

## 1.2 FOREST MANAGEMENT CONTEXT

The Plantation Forest Management developed by CACERES FLORESTAL at the Mato Grosso units must follow national and state regulations and laws related to forest management. The following main regulations must be observed:

In the federal sphere:

- Brazilian Forestry Code (Law 4771/65, modified by Law 7803/89)
- Interim Measure nº 2.166-67, from 24/08/2001, that changes the law 4.771/65 (Forest Code).

In the state sphere:

- a. Environmental Code of the State of Mato Grosso –Complementary Law Nº 038/98
- b. Regulation of FEMA/MT → establish the initial documentation and the license procedures.
- c. Emission of invoices (Notas Fiscais), when products are sold.

In the municipal sphere:

- ISSQN tax payments, when third-party services are used

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

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

### **1.2.1 Environmental Context**

The region where Caceres' Forest Management Units are located is part of a transition zone between the Mato Grosso Pantanal (flood plains) and the Amazon Rain Forest. The Pantanal is limited in the North by the most Southern formations of the Amazon forest (close to the municipality of Caceres), in the East by the Central Plateau savannas, on the West by the Bolivian-Paraguayan forests and in the South by the *chaquenha* forests on the border with Paraguay. The areas that are evaluated are located outside the flood zone, being established on either the higher zone of the basin or on the plateau areas.

The climatic factor of the Mato Grosso Pantanal is related to the climate in the Alto Paraguay Basin being a result of the tropical geographic location, the landscape relief, and eventual cold air masses from the South of the country. According to the Köppen classification, the climate type is AW – hot and humid, with the rainy season in the summer and dry season in the winter. As to the distribution of rainfall, the region is characterized by a dry season of a five-month average that begins in May and lasts until September. The rainy months are December, January and February.

In the last three decades the region has been suffering from anthropogenic impacts, mainly in the adjacent plateaus. Currently, the environmental and socio-economic impacts on the Caceres Pantanal and adjacent areas are very evident; resulting from a lack of planning that would guarantee the natural resource sustainability. According to a recent survey (2004) by the Mato Grosso State Foundation for the Environment (FEMA) Caceres is among the municipalities with higher deforestation index; here and in Barao de Melgaço 33,000 and 8.800 hectares were deforested respectively.

### **1.2.2 Socioeconomic context and brief history of the region**

The CACERES FLORESTAL areas to be certified from are located in the municipalities of Caceres, Sao Jose dos Quatro Marcos and Indiavai. Caceres is the oldest municipality, with greater economic expression and regional center. Formed by the districts of Bezerro Branco, Caramujo and Horizonte, Caceres is the headquarters and has 85,857 inhabitants, of which 77.40% represent the urban population and 22.6% are rural (IBGE/2000).

Caceres has 27,462.38 km<sup>2</sup> and is located 209 km from the capital, with bordering municipalities Mirassol D'Oeste, Barra do Bugres, Nossa Senhora do Livramento, Pocone, Porto Esperidiao, Curvelândia, Gloria D'Oeste. Caceres also shares a border with Bolivia. Its founding date was October 6th 1778 by Luiz de Albuquerque de Mello Pereira e Caceres, then the governor and general captain of the Capitania of Mato Grosso, with the name of Vila Maria do Paraguai, in homage to the Queen Maria I - The Crazy. Its history is confounded with the history of the Jacobina Farm that, in reality, consisted in the origin of the whole Paraguay River valley.

This Jacobina Farm was once the richest in the 19th century, having up to 60 thousand cattle, 200 slaves and same number of free slaves, besides sugar cane plantations, cassava plantations, beans, and sugar cane, cereal and coffee to supply to the nearby settlements and a water powered mill. Its decay came shortly after the end of slavery in 1888, together with the growth of sugar cane plantations in the Northeast and the labor laws created by Vargas in the thirties. Currently the farm belongs to the Lara family and is one of the main attractions in Caceres.

Among the interesting facts related to the municipality is the visit of Theodore Roosevelt, who with Cândido Rondon performed one of the most important scientific researches in Brazil until then. In 1927 the Coluna Prestes passed close to Caceres, mobilizing its inhabitants. From 1950 on there was intense migration and expansion to the Northwest of Mato Grosso, eased by the construction of the Marechal Rondon Bridge. On the other hand, the development of the Northwest of Caceres resulted in the separation of innumerable districts, leading to the loss of 50% of the municipality's territory and productivity.

Currently, Caceres is the location of the UNEMAT – Mato Grosso State University, which connects with the Paraguai-Parana waterway. Tourism is also an important activity, specifically the International Fishing Festival, in addition to a large number of hotel-boats and rural hotels.

Sao Jose dos Quatro Marcos has a much more recent history, with its colonization having started in 1946 through the Department of Land and the Production Planning Commission – CPP. In 1962 Mr. Zeferino Jose de Matos acquired at the Real Estate Mirassol, in the state of Sao Paulo a great extension of land. In 1966, Zeferino, together with Luiz Barbosa and Miguel Barbosa do Nascimento, donated 11.2 alq of their land for the formation of the urban center. From this time on, families mainly from the State of Sao Paulo came to Sao Jose dos Quatro Marcos to plant rice, corn, and coffee. The name Sao Jose dos Quatro Marcos comes from the fact that in marking the rural land four marks were used that served as guides to the opening of two streets, later called Sao Paulo and Bahia. Sao Jose is the name of the protector chosen by the population. Its economy is based on cattle ranching, for meat and milking in addition to the production of rice, corn, beans and cotton. In the city there is a slaughter house that kills more than 1,000 cattle per day, and also a dairy.

The municipality of Sao Jose dos Quatro Marcos has 19,693 inhabitants, of which 70.57% represent urban population and 29.43% rural (IBGE/2000). Its area is 1,275.10 km<sup>2</sup>, 302 km from the capital and 97 km from Caceres. Its limits are the municipalities of Araputanga, Rio Branco, Mirassol D'Oeste, Figueiropolis D'Oeste, Lambari D'Oeste and Gloria D'Oeste.

Indiavai is a relatively new municipality, having been founded in 1986 with a population of only 2056 inhabitants in an area of 602.4 km<sup>2</sup> in 2000. It is the poorest municipality within the three where CACERES FLORESTAL is active.

When analyzing the three municipalities and the neighbors of the areas to be certified extensive cattle raising on medium and large properties dominates. In the specific case

of Indiavai it can be verified that the surrounding properties were covered by forests that were cut in a relatively recent past, in the end of the previous decade. The only area to be certified that has small holders as neighbors is the Experimental Station of Junco, which small area (a little over 30 ha) is surrounded by families that have small subsistence areas, since it is considered an urban area in Caceres. Some of these inhabitants have even been employees of CACERES FLORESTAL in the past. Besides this, the field surveys verified that there are no relationship problems between the neighbors and the company.

### **1.3 Forest Management Enterprise**

#### **1.3.1 Land use**

The rural areas surrounding CACERES FLORESTAL are used for primarily cattle raising for beef, with activities of raising, breeding and fattening of cattle in planted pasture.

#### **1.3.2 Land use outside of the certified area**

CACERES FLORESTAL is searching for a complete certification in this process, which means that it does not own other areas that are not being analyzed in this process.

### **1.4 MANAGEMENT PLAN**

#### **1.4.1 Management Objectives**

The CACERES FLORESTAL S/A Sustainable Management Plan is based on the fulfillment of sustainable development policies, in the economic, social and environmental requisites. This way, obeying the Brazilian laws and adhering with these policies, CACERES FLORESTAL has the objective of attaining economic competitiveness and producing revenue for its share holders at the same time.

*Guarantee and perpetuate the supply of teak forest products for commercial use, industrialized or not.*

*Guarantee, take care of, and maximize the conservation of the ecosystems in its activity and influence areas.*

*Guarantee and take care of working conditions of its collaborators; direct employees or subcontracted.*

#### **1.4.2 Forest Composition**

CACERES FLORESTAL is a medium-sized firm that produces finished products of teak, mainly for the international industry of garden furniture. Its forest properties are



located in the state of Mato Grosso. The Caceres Florestal areas to be certified are listed below; the areas in their entirety are characterized as follows:

Farm	Total area	Effective Plantation	Total de Conservation area
Teca do Jauru	416,92	301,93	100,43
Paraguatuba	2590,10	1045,10	1358,11
Castiçal do Jauru	163,20	67,69	71,52
Area Experimental do Junco	31,30	29,96	00
<b>TOTAL</b>	<b>3201,52</b>	<b>1444,68</b>	<b>1530,06</b>

*Note.: the other areas refer for road net and other infrastructure.*

On the appendix 03 – is presented the farm in the state of Mato Grosso

### 1.4.3 Silvicultural System

The adopted silvicultural system is a unique cycle with even-aged stands, with clear cuts in determined ages according to the site with the aim of maximizing produced timber volume. At present, the average harvest age is 30 years with a forecasted production of 150 m<sup>3</sup>/ha of wood for sawmills plus 85 m<sup>3</sup>/ha of firewood.

### 1.4.4 Management System

CACERES FLORESTAL owns teak plantations that extend over 1,444 ha, established in its majority between 1971 and 1992. These plantations are being managed since 2002 for sustainable production of quality wood, with dimensions for milling and veneering, in a cutting cycle of 30 years.

Until 2001, all wood production from these plantations came from thinnings. That year, the company performed the first clear cut. Since then, each year new clear cuts are made, based on the forest inventory.

Since the forest that comprises these plantations is not uniform, both in respect to the density of trees and the volume of wood and its quality, they have been under to different and specific management programs, with the objective of attaining maximum production of timber for milling and veneering allowed by each site. Thus several stands (that had limits defined at the time of planting) had to be redesigned based on their productive capacity.

This differences in growth is greatly caused by:

- The lack of knowledge from being a pioneer activity;
- The innovation practiced with regards to the radical reduction in the rotation age of the species plantation that until then had been managed in 60 to 100 year cycles in other countries or regions where it is planted, especially in natural occurrences. To estimate the tree growth and thus be able to reduce the time until harvest, the company had to develop an early and intense thinning program,

associated with frequent pruning and cultural treatments more common in the agricultural activities.

- The different plantation sites with good soil fertility and the varied conditions in terrain preparation, spacing, cultural treatments, etc. Between 1971 and 1980 the implementation of teak plantations was manual in land recently cleared and planted together with rice, corn and bean. From 1982 on the plantations were established in a mechanized fashion and as a monoculture;
- The economic difficulties facing the company which do not allow the adequate conduction of the plantations, sometimes obliging the postponement of thinnings or other desirable silvicultural and cultural interventions, increasing the already high level of heterogeneity of the plantations as well as reducing their production potential and delaying harvest.
- Lack of growing information and local adaptation of this species.

## **FOREST INVENTORY**

The plantations were started in 1971, and the last planting was done in 1991. The sampling of these plantations has been done since their establishment. However, for several reasons, the sampling units used in the past lost their permanent condition and had to be relocated from 2002 on. Hence, the most current growth, increment, and quality, present and future, of the different plantations and stands that comprise the firm's plantations estimates have as main base the data collected in the last three inventories, done respectively in 2002, 2003 and 2004.

The sampling plots represent 3.70% of the total area of plantations. In the last inventory 535 permanent plots were established whose systematic locations and distribution followed a uniform distribution. The plots have a circular form, with a radius of 17.84m, resulting in an area of 1.000 m<sup>2</sup>. In the regeneration stands, until the occasion of the first thinning, the size of the sampling plot is of 500 m<sup>2</sup>, equivalent to a circle with a radius of 12.61 m.

## **CLEARINGS**

Harrow use is avoided because its discs cut part of the teak's root system. The roçadeira is the best solution to control the understory in the young plantations. The rolling chopper has been demonstrated to be the most adequate tool for the control of the understory in the older teak populations, including lowering the number of the fine branches remaining from thinnings.

## **PRUNING**

Pruning is done manually. A pruning is needed after each thinning and/or every 3 to 5 years, according to the behavior of the plantation. The last one is done less than 5 years from the clear cut.

## **HARVEST**

The harvest is done annually, always in the dry season to minimize the impact of the machinery on the soil. Also, since teak is a deciduous species, the harvest in the dry season favors timber quality since the tree registers minimum activity with lower presence of elaborate and brute sap in the trunk, consequently reducing the damage from splits and the attack by fungus and insects.

## THINNINGS AND CLEAR CUT

Comprises the following operations:

- Under story clearing, done with a rolling chopper, to cut the under story vegetation as well as parts of branches that have fallen since the previous operation.
- Crowning of the trunks to allow the felling of the tree to be done very close to the soil to increase the harvested timber volume and reduce the height of the stumps and consequently their impact on the machinery tires. Manual operation using brush hook and axe.
- Felling, depending on the size of the tree and spacing, it is done using chainsaws or feller-buncher. The chainsaw is more practical in the case of small trees and light thinning. The feller-buncher is used in the final harvesting operation.
- Lowering of the branches, done after the foliage dries; it is a manual operation using brush hook and chainsaw. Its objective is to give visibility to the wood of the crown to facilitate using the maximum volume at the last log and later cutting of the crown into fuel wood.
- Cutting of the trunk into logs, operation done with chainsaws and requires training of the marker to optimize the production of quality logs and of good length.
- Transporting the log is done with a self-carrying tractor from the felling site to a landing according to the transport distance.
- Cutting and transportation of fuel wood: after the transportation of the logs, the branches are cut into fuel wood, loaded and unloaded manually, and transported, in a specific truck, to the border of the stand. The fuel wood is sold at the gate.

## REGENERATION OF THE AREAS SUBMITTED TO CLEAR CUT

The areas already submitted to clear cut have showed the existence of great stocks of teak seeds with good germination capacity, mixed with the organic matter and incorporated to the superficial soil horizon, originated in the last and previous fruiting. The quantity of viable seeds is more than sufficient for the selection of quality seedlings with good spatial distribution.

The spontaneously grown seedlings from these seeds will allow the establishment and conduction of a new teak plantation without the need of working the soil, comprising the following operations:

- Lowering of the stumps: consists in the re-cutting of higher stumps with chainsaws to ease the transit of machinery.
- Rolling chopper, after the removal of the logs and fuel wood the area is worked with an extra heavy rolling chopper for the purpose of crunching and cutting the weed vegetation, start the process of destroying the stumps by their borders and cutting the solid residuals, such as branches and limbs remaining from the previous plantation.
- Lining of conduction lines: the conduction lines are determined, along these, through manual treatments the selection and protection of seedlings of better development is done and distributed in adequate spacing.
- Rolling chopper, the spontaneous vegetation in between lines is controlled by the periodic passage of a rolling chopper.

- Clearings: the clearings are repeated according to the development of the competitive vegetation along the lines of conduction.
- Thinning and pruning: To avoid the appearance of plants with 2 guides it is necessary to do a thinning 6 and 12 months after plantation. The pruning should not exceed 1/3 of the height of the plant to avoid compromising its development. A year after the beginning of the conduction a thinning of the selected seedlings to a distance of 1.50 to 2.00m between each.

## **PREVENTIVE PROTECTION AND FIRE COMBAT**

Teak is a species with low susceptibility to fire. In an eventual fire, the passage of the fire is restricted to the thick organic matter that covers the soil and the understory. The fire does not get to the crown. However, it is important to avoid it since part of the root system of the teak is usually on the surface and penetrates the organic matter. Another important factor of damage is in relation to the timber quality.

The preventive protection is addressed in the maintenance of the perimeter and bordering fire barriers as well as by the cleaning of some internal roads.

The neighboring owners know about the care to be taken in the case of burning as well as the need to maintain the fire barriers along their borders and also about the common interest of avoiding fires in general.

In the last 33 years there have been few fires registered in the plantations and their damage was small. The risk was a lot higher in the past, when the neighbors burned and cut the natural forest. Today the majority of the neighboring lands are covered by planted pastures and we can note that their owners also take care to protect them from fire.

In addition to the fire barriers, the understory of the plantations has been periodically cut by the passage of the rolling chopper, reducing the volume and the fuel of the residuals as well as facilitating the later transit of machinery and people.

## **ANT CONTROL**

Even though the cutting ants (*Acromyrmex spp* and *Atta spp*) attack the teak, they are easily controlled through the annual distribution of ant killing bait of sulfuramide and fipronil.

## **OTHER FOREST DISEASES AND PLAGUES**

Teak is known for its rusticity and for having low susceptibility to significant plagues and diseases. However, five years ago there was an attack of *Hyblea puera*, a moth that eats the limbs of the young leaves, leaving them “designed”. Because of a specialist’s recommendation this plague was not combated but was controlled through spontaneous biological control. Since then no significant appearances have been registered.

## **PROTECTION AGAINST ROBBERY AND TRESPASSING**

The plantations are located in recognized private property, there being no question as to limits, neighbors, dominance and ownership. Each property has a house and care taker being fenced and having gates.

## **CONSERVATION OF ROADS AND FIRE BARRIERS**

The roads have been constructed since the beginning of the 1970s and have been maintained and revamped since then according to needs and possibilities

## **SEED PRODUCTION**

Caceres Florestal produces teak seeds from the APS (Seed Production Area) category, being registered in the MAPA (Agriculture, Production and Supply Ministry).

The seeds are collected by the firm's employees after they fall on the forest floor, between the months of June and October, according to the year and climate conditions. After that they are dried in the sun in the open, and separated in orders of up to 1.000 kg each.

The seeds are stored in cooled warehouses with temperature and humidity control, which allows the maintenance of the germination capacity at acceptable levels for more than 2 years.

## **THE COMPANY'S STRUCTURAL ORGANIZATION**

The organization is very simple, consisting of an administrative management and an accounting management. Reporting to the administrative management are the forestry department (that takes care of the forest management in all farms), the industrial department and the administrative department.

### **1.4.5 Monitoring System**

CACERES FLORESTAL does monitoring and presents executive summaries for the following parameters:

- Annual pesticide consumption: total, per hectare and per forest unit
- Work accidents: with and without days off, company personnel and that of sub contracted firms.
- Rotation of labor
- Areas worked per year in the Program for the Elimination of Teak in Conservation Areas, per forest unit.
- Annual statistics of forest fires per forest unit, per fire spot and per affected area.
- Forest inventory (continuous done on permanent plots) presenting measured volumes and production forecasts, per year and per management unit.

### **1.4.6 Maximum sustainable production estimate**

To give higher precision to the harvest estimate of such heterogeneous plantations, they developed the concept of "Productive Equivalence Unit (UEP)". By UEP we mean a minimal area sufficient to harvest 150m<sup>3</sup> of commercial timber, at the age of 30 years in

clear cut. Thus, the extension of the UEP, in terms of area, varies from stand to stand, according to the plantation production. When calculating the UEP several technical and some empirical or subjective indicators are considered, such as the age of the plantation; the density; basal area; commercial height; total and commercial volume and its average values; sanity; site index; management history, and others.

The forecasted harvest volume is slightly lower than the growth of the existing plantations, based on the inventories of 2002, 2003 and 2004, which totaled 5.341m<sup>3</sup>/year.

The production refers only to the sawmill logs of the final or clear cut, to be added to the volume of logs for milling to be thinned from the existing plantations and of present density over 180 trees per hectare, estimated in 1.630m<sup>3</sup> per year from 2010 on.

Additionally, we still add the fire wood production to be harvested in the existing plantations that, in the case of clear cut, have registered an average value of 84,94m<sup>3</sup>st/ha. Considering the annual rate of clear cuts we have an annual production of 3.260m<sup>3</sup>.

The summer thinning of the existing plantations should also continue to contribute to the fuel wood production. A correlation has been found of 0,83m<sup>3</sup>st of fuel wood per m<sup>3</sup> of logs for sawmills, allowing to quantify the production estimate of fuel wood from thinning from existing plantations in 1.353m<sup>3</sup>/year.

#### 1.4.7 Current and projected yield estimate

A prognosis table for the volume to be produced is presented below:

Type	Year
Logs to sawmill from thinning activities	1.600 m <sup>3</sup> /year (*)
Logs to sawmill from clear cut activities	5.000m <sup>3</sup> /year
Fire wood from thinning activities	1.300 m <sup>3</sup> /year(*)
Fire wood from clear cut activities	3.000 m <sup>3</sup> /yearo

*\*Beginning in 2010 when activities begin*

## 2. STANDARD USED IN THE EVALUATION PROCESS

The standards used in this certification process of **CACERES FLORESTAL S/A** were the principles, criteria and indicators as defined in the standards for Plantation Forest Management of the FSC Working Group – Brazil, in the most recent version at the time of the field visit (version 8.0 of May 2003). Full text can be found at the FSC web site: [www.fsc.org.br](http://www.fsc.org.br)

## 3.0 THE CERTIFICATION ASSESSMENT PROCESS

### 3.1 *Assessment Dates*

- Pre certification audit August 8-10, 2003
- Field audit April 25-28 , 2005

### 3.2 *ASSESSMENT TEAM*

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

**Dr. Jose Salatiel Rodrigues Pires**, ecologist, Ph.D. in Ecology and Natural Resources. Dr. Salatiel received his degree in Ecology from the Universidade Estadual Paulista (UNESP) Rio Claro campus, SP. He has a Masters in Limnology and a Doctorate in Planning and Environmental Conservation from the Graduate Program in Ecology and Natural Resources of the Universidade Federal de Sao Carlos (UFSCar). Currently, he is Adjunct Professor and Coordinator of the Environmental Planning and Analysis Laboratory at UFSCar in addition to being consultant in various environmental projects. He was consultant with the United National Program for Development (UNDP/World Bank) for projects involving conservation of bio-diversity Mato Grosso and Rondonia and development of the Management Plan for the Conservation Unit in Santa Catarina. He was coordinator for the project "List of Threatened Fauna Species in the State of Sao Paulo (UFSCar / State of Sao Paulo Environmental Secretary). He is a consultant and member of the Advisory Committee of the Pilot Program for the Protection of Tropical Forests of Brazil - PPG-7, Directed Research Project section - PPD (MCT/CCE) in the Subprogram for Science and Technology, with activities being the selection, evaluation and follow-up on environmental projects in the Brazilian Amazon. He was consultant with the Organization of American States (OAS) in the selection of projects for the conservation of the Pantanal Matogrossense (GEF). For the past 20 years, Dr. Salatiel

has worked in education and research (Universidade Federal Vicosa and Universidade Federal de Sao Carlos) while working in consulting projects for state agencies, non-governmental organization and consulting companies such as Engevix and ECP. His projects and research involve natural resource conservation, specifically related to the use of Geographic Information Systems for regional and landscape planning and conservation, Analysis of biological indicators for conservation area monitoring, Elaboration and implementation of environmental management systems, and Monitoring and evaluation of the environmental impact of development projects.

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

### **3.2.1 REVIEWERS -PEER REVIEWERS**

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

**Wagner Antonio Trondoli Matricardi**, Forester and Agronomist, Professor at the Forestry College at the UFMT – Curriculum vitae in attach.

**Marcos Estevan del Prette**, PhD in Geography from the University of São Paulo

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



### 3.3 ASSESSMENT PROCESS

#### 3.3.1 Itinerary

Date	Farm	Auditor
25/04/2005	Forest environment and social procedures and programs	Team
	Visit to the Junco experimental area	Roberto + Salatiel
	Interviews with stakeholders in Caceres	Mario
26/04/2005	Visit to the FMUs Fazendas Teca do Jauru e Castiçal do Jauru	Roberto + Salatiel
	Visit to the FMUs Fazenda Paraguatuba and stakeholders interview	Mario
27/04/2005	Visit to the FMU Fazenda Paraguatuba.	Roberto +Salatiel
	Visit to the FMU Fazendas Teca do Jauru e Castiçal do Jauru + stakeholders interview	Mario
28/04/2005	Performance Evaluation of CACERES FLORESTAL and results presentation	Team

#### 3.3.2 Evaluation of Management System

In relation to the social aspects, primary and secondary data referring to the region of Caceres was collected, as well as the different levels that represent local and regional civil society, besides the public instances related to the forest activity. Working conditions were also verified, including security, training, transportation, food, payments, and fulfillment of legislation. Both the workers at the work place and the offices of the sub-contracted firms were interviewed. Special attention was given to the interviews with local leaderships, with the company's neighbors, and with the public and private entities in the region of Caceres.

To analyze the environmental aspects monitored visits were made to the forest management units listed above, identifying, analyzing, and ground-truthing the maps supplied by the firm, observing the occurrence or not of environmental irregularities. In these visits greater attention was given to the conservation areas protected by law, such as the Permanent Preservation Areas and areas defined as Legal Reserve. The objective was to verify if the areas had some type of human perturbation promoted by the company, by neighbors or the population in general, or the presence of other culture, service roads, object of discharge of surface waters or selective extractivism, or predatory hunting, etc. Samples of remnant natural areas were visited to evaluate the degree of degradation and the efficiency of the protection or conservation actions. Special attention was also given to the internal road maintenance actions of these forest management units (FMUs), to verify the proceedings of this activity and its impacts on watercourses and natural vegetation remnants. It is worth noting that there was great effort to visit the greatest number of sample areas possible, identifying the non-conformities described and discussed below.

The areas visited by auditor Roberto Bauch include those where activities are being done, like inventory, plantation regeneration, ant control, harvesting, skidding and

transportation. Other chosen areas, were those where the operation had already occurred, in order to evaluate the impacts.

In the table below the reasons for visits to several FMUs are presented by the auditors. Several times, in different days and with diverse perspectives the same FMU was visited with the objective of creating a complete overview of the forest activities of CACERES FLORESTAL.

FARMS (FMUs)	REASON
Junco Experimental area	Evaluate forest management and plantation conservation. Verify the living conditions of the company's employees and interview neighbors and the surrounding population about the relationship with CACERES FLORESTAL
Teca do Jauru	Evaluate the situation of sample conservation units, forest roads and plantation conservation
Castiçal do Jauru	Activities of felling and removal of lumber to the sawmill, residual collection; conduction of areas submitted to clear cut, living conditions of workers. Evaluate the condition of sample conservation areas and forest roads. Interviews with employees of CACERES FLORESTAL.
Paraguatuba	Thinning activities and removal of wood to the sawmill, collection of residuals, forest maintenance, workers' living condition. Evaluate the situation of sample conservation areas and forest roads. Interviews with employees of CACERES FLORESTAL

### 3.3.3 Stakeholder Consultation

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

The main purpose of the consultations was

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

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

- Company employees, including management and field staff
- Contractors
- Neighbors
- FSC Brazil members

- Local and regional members of environmental NGOs
- Local and regional members of social NGOs
- Company log buyers
- Federal, state, and municipal environmental organizations (licensing, inspection)
- Other relevant groups

The evaluation team contacted organizations and individuals of the main interested parties. A total of 2 organizations answered regarding the evaluation by email, phone contact and personal interviews (see item 3.3.5.1, the synopsis of the comments). A total of 55 organizations and individuals were mailed or emailed the Public Consultation forms and an invitation letter describing the certification process and giving the opportunity to submit comments ( appendix 02)..

The organizations or individuals who disclosed their names are listed in appendix 02, as are the ones who were contacted but did not respond.

### **3.3.3.1 Modelo - Consulta Publica da CACERES FLORESTAL S/A**

#### **CONSULTA PUBLICA**

#### **Certificação das Plantações Florestais de Teca**

#### **CACERES Florestal S/A (Mato Grosso)**

A **SCS** – Scientific Certification Systems ([www.scscertified.com](http://www.scscertified.com)) – entidade credenciada pelo **FSC** (*Forest Stewardship Council* – Conselho de Manejo Florestal) para a Certificação Florestal, vem através desta informar a *V. Sa.* que esta iniciando o Processo de Consulta Publica, visando à Certificação FSC, requerida junto a esta instituição pela **Caceres Florestal S/A**, para suas áreas na região de Caceres, no Estado de Mato Grosso. As fazendas distribuem-se entre os municípios de Indavaí, São José dos Quatro Marcos e Caceres. Nessas localidades, a empresa desenvolve o manejo de plantações florestais de *Tectona grandis* (Teca), perfazendo 1000 ha de efetivo plantio que, somadas às áreas de preservação, totalizam 3.093 ha a serem Certificados.

A **Caceres Florestal S/A** é uma empresa voltada à produção de Teca, que foram plantadas entre 1971 e 1992, sendo comercializada in natura ou industrializada. Atualmente, a empresa vende toras e madeira serrada, mas em breve irá produzir peças aparelhadas e, em médio prazo, produtos acabados, como móveis. Sua produção anual chega a cerca de 6000 m<sup>3</sup> de toras. Ela é a proprietária das áreas a serem Certificadas e, especificamente no setor florestal, gera 65 empregos diretos para os funcionários próprios.

Dentre as atividades previstas no processo de Certificação FSC, encontra-se a promoção de uma Consulta Publica – via Internet e outros meios de comunicação – com instituições representativas da sociedade civil e com cidadãos direta ou indiretamente interessados no assunto. Esta consulta publica tem por finalidade:

- Coletar as preocupações públicas com relação ao Processo de Certificação FSC das Unidades de Manejo, exploradas pela **Caceres Florestal S/A**.

Salienta-se que esta Consulta está sendo realizada antes de se iniciar as atividades de campo propriamente ditas e objetiva colher sugestões e evidências que devem balizar os trabalhos de auditoria de campo (a se realizar entre 25 e 28 de Abril de 2005), que avalie se o manejo florestal encontra-se em conformidade com os Princípios e Critérios do FSC, o qual leva pressupõe que a empresa deva promover um manejo *socialmente justo, ambientalmente adequado e economicamente viável*.

O processo de Certificação FSC, por sua vez, prevê a **participação popular** e da **sociedade civil**, através da realização desta Consulta Publica, na qual as mais diversas instâncias representativas da sociedade civil possam se manifestar, visto que a Certificação FSC pressupõe o exercício pleno da cidadania de indivíduos e instituições direta e indiretamente interessados no assunto.

Deste modo, a participação de cidadãos e das instituições será muito importante, a fim de que todos possam manifestar suas preocupações, comentários, sugestões, críticas ou apresentar evidências que possam ser úteis ao processo e que serão registradas em sua totalidade, bem como contempladas no Sumário Público da Certificação que, por seu turno, será enviado aos interessados.

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

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

Atenciosamente

Roberto Bauch  
Mario Kikuchi  
Auditores da SCS

### 3.3.3.2 Modelo - Questionário de Consulta Pública da CACERES FLORESTAL S/A

#### QUESTIONARIO DE CONSULTA PUBLICA

#### CERTIFICAÇÃO FLORESTAL DE PLANTAÇÕES FLORESTAIS DE TECA (Caceres, Sao Jose dos Quatro Marcos e Indaiavai – MT)

#### CACERES FLORESTAL S/A

Nome												
Instituição												
Endereço p/ Contato												
CEP:							-				E-mail	
1. O(a) sr.(a) conhece a CACERES Florestal S/A? <input type="checkbox"/> Sim <input type="checkbox"/> Nao												
2. O(a) sr.(a) teria algum comentário a fazer a respeito da CACERES Florestal S/A? <input type="checkbox"/> Sim <input type="checkbox"/> Nao												
3. Quais seriam esses comentários?												
4. O(a) sr.(a) teria algum comentário a fazer sobre as áreas da CACERES Florestal S/A, nos municípios de Caceres, Sao Jose dos Quatro Marcos e Indaiavai, no Estado do Mato Grosso? <input type="checkbox"/> Sim <input type="checkbox"/> Nao												
5. Quais seriam esses comentários?												
6. Existe algum aspecto na área ambiental que o(a) sr.(a) considera digno de atenção na avaliação de campo? <input type="checkbox"/> Sim <input type="checkbox"/> Nao												
Qual(is) seria(m) esse(s) aspecto(s) ambiental(is)?												
6.1 _____												
6.2 _____												
7. Existe algum aspecto na área social que o(a) sr.(a) considera digno de atenção na avaliação de campo? <input type="checkbox"/> Sim <input type="checkbox"/> Nao												
Qual(is) seria(m) esse(s) aspecto(s) social(is)?												
7.1 _____												
7.2 _____												
O presente questionário tem por objetivo permitir aos cidadãos das mais variadas formações e interesses, ou representantes de instituições representativas da sociedade civil, participar de forma ativa do processo de Certificação Florestal do FSC. Desta forma, solicita-se que este questionário seja enviado a um dos Seguintes E-mails: <a href="mailto:robertobauch@uol.com.br">robertobauch@uol.com.br</a> . Caso assim o prefira, o questionário pode ser enviado ao seguinte numero de fax: (0xx19) 3424-5028. Solicita-se, igualmente, que o questionario seja divulgado para aqueles que, no seu entendimento, sejam pessoas que possam contribuir para o processo.												
<b>OBS.: a) As questoes levantadas neste questionário nao terao as identidades dos autores expostas nos documentos atinentes ao Processo de Certificação.</b>												
<b>b) A participação dos interessados na consulta publica nao implicara co-responsabilidade no Processo de Certificação.</b>												

### **3.3.3.3 Summary of Stakeholder Concerns and Responses from the Audit Team**

#### **Social Concerns**

- **What was the process of land acquisition of the areas of CACERES FLORESTAL in the region of Caceres? Were there problems with indigenous populations, such as autoctone populations (chiquitanos)?**

CACERES FLORESTAL acquired its areas, called Fazenda Teca do Jauru (Indiavai) and Sitio Castiçal do Jauru (Sao Jose dos Quatro Marcos), through transfer from the Mato Grosso government in the 1950s and 1960s, while the larger and main area of the company the Fazenda Paraguatuba (Caceres) originated from the dismembering of a sesmaria. The area had a topographic survey ratified and registered at INCRA. The Junco Forest Experimental Area (this last one currently located in within the urban limits of Caceres) was acquired in the early 60s. Thus, none of the areas originated from untitled public land. These areas are registered with documentation in the real estate registry office in Caceres (No. 11956 e 4107), Mirassol d'Oeste (No. 12737) and Sao Jose dos Quatro Marcos (No. 12738 e 12739). The surveys done did not show evidence of the presence of any indigenous populations in the surrounding areas to be certified.

- **CACERES FLORESTAL committed an environmental crime some years ago by cutting a mahogany without authorization in Indiavai?**

This accusation was the object of special care during the field work. In this sense, the interviewed technicians from environmental institutions (IBAMA and FEMA) did not know about the fact, as well as about any Behavior Adjustment Term for the company. Thus, we asked CACERES FLORESTAL itself to give information regarding the accusation. The representative of the company was indignant and revolted about the accusation that according to him was completely false. In fact, CACERES FLORESTAL confirms that it really did cut a mahogany (*Swietenia macrophylla*, known in the region as araputanga or mahogany) at Fazenda Teca do Jauru, in 2004. According to information it was a dead tree, located at a small distance from the headquarters of the farm, in the middle of the teak plantation. This tree had been kept during the cut of the native vegetation, which occurred in the dry season of 1972. At that time it would have still been a young, tall and slim tree measuring about 25 m in height and DBH about 60 cm, including the catanas. Despite being isolated the tree survived the winds and, favored by the spacing and good soil conditions, it developed rapidly in diameter until the year of 2002, when it was identified that the tree did not grow leaves after the dry season. According to an evaluation by the company, the estimated age of the tree would be somewhere between 60 and 80 years, not being 100 years old. Still according to the company, the reason of its death is unknown. A hypothesis would be lightning (frequent in the region), the same cause of significant losses in the teak plantations. Finally, being surrounded by teak trees of good size, its felling was postponed to the time of the stand clear cut which occurred in the dry season of 2004. Thus, when the teak harvest was concluded the mahogany was cut and the resulting logs are still stored at Fazenda Teca.

#### **Economical Concerns**

No economic concern was presented

## **Environmental Concerns**

- **How are the Permanent Preservation areas of CACERES FLORESTAL?**

Regarding the Permanent Preservation Areas (PPAs), the company an initial survey and plotted these areas on a map for each FMU. Some strips of PPAs are not protected as is determined by law, but corrections are being made. A recovery plan for the permanent preservation areas was presented. It's important to remember that the environmental and forest legislation has changed in the last 30 years with many significant alterations. In relation to PPAs there was a change from 8 meters to 50 meters along the creeks by 10 meters in width, mainly after the Complementary Law n ° 038/98. So, if there is any correction to be done in past mistakes, these must be considered a normal procedure for licensed activities or legally authorized at this time.

- **Which pesticides are used in the management by CACERES FLORESTAL and what is their control and discharge?**

The only insecticide used in the plantations is an ant-killing bait whose active ingredients are sulfluramide and fipronil. Since the damage caused by the cutting ants is not severe, the control is done annually in the dry season, with an average distribution of 2 kg/hectare. In regards to the treatment of logs against insects, from the 2006 harvest season on the company has accumulated harvested logs at the industry deck in Caceres, to avoid applying pesticides in the forest areas. No fungicide is used in the company's plantations. The empty casks of the ant killer are handed back to the Defensive Cask Collection Post of Mirassol D'Oeste, MT. For beetle attack on the logs, "Osmost CP 50" is used. It is an insecticide produced by Montana S/A, whose active ingredient is "cipermetrina" and is allowed by IBAMA for this use. This pesticide is applied with a motor coastal applicator over the log stock in a deck, away from the planted area, but inside the FMU. Keeping in mind that this product is easily removed by rain, the company intends to stock this logs in a covered warehouse in the sawmill in Caceres in the 2006 crop without any application.

### **3.3.4 – Other Evaluation Techniques**

No other evaluation technique was used beyond the normal field audits, interviews and document consultations.

### ***3.4 — Total Time Spent on audit***

For the evaluation of CACERES FLORESTAL the auditing team spent a total of 12 hours reviewing all pertinent documents which had been received. They also spent 24 hours traveling from their cities of origin to the company site, and spent 3.5 days on the field evaluation. Four hours were spent to define the stakeholders and send the invitation and questionnaire. The total hours of labor was 114.

Public Meetings	Roberto	Salatiel	Mario
Displacement (trip )			
Documentation	8	8	8
Field	4	4	4
Stakeholders-/ invitation	20	20	16
Closing (28/04/05)			4
Closing meeting	4	4	4
Sub-total	2	2	2
	38	38	38

### ***3.5 – Process of Determining Conformance***

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

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

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

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

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

***Recommendations:*** These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations



is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

## 4 – RESULTS OF THE EVALUATION

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

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

Principle	Strengths	Weaknesses	Precondition
<b>P 01: Compliance with laws and FSC Principles</b>	<ul style="list-style-type: none"> <li>• Fulfillment of legislation referring to forest activity.</li> <li>• Recognition of all the taxes and payments needed for the activity.</li> <li>• There are formal proceedings to protect management areas that are protected against illegal activities.</li> <li>• Long term compromise with the maintenance of representative samples of existent ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• The legal definition of the reserve areas are not determined yet.</li> <li>• Conservation areas need to be recovered</li> </ul>	<p><b>PRE 2005-01 2005-10</b></p> <p><b>CAR 2005-04 2005-05</b></p>
<b>P 02: Tenure and land use rights and responsibilities</b>	<ul style="list-style-type: none"> <li>• Clear documentation of the areas to be certified.</li> <li>• There are no judicial or administrative processes of the properties.</li> <li>• Peaceful ownership of the properties.</li> <li>• The local communities and those surrounding the areas have their property rights assured.</li> </ul>		
<b>P 03: Indigenous People and Traditional Communities rights</b>	<ul style="list-style-type: none"> <li>• Does not apply. There are no indigenous or traditional communities in the surroundings or in the region where the management of forest plantations by CACERES FLORESTAL is developed. Therefore, the management does not threaten or diminish the rights of any indigenous or traditional populations.</li> </ul>		
<b>P 04: Community relations and worker’s rights of the Forest Management Unit.</b>	<ul style="list-style-type: none"> <li>• Work opportunity to the inhabitants of the municipalities of Caceres, Sao Jose dos Quatro Marcos and Indiavai.</li> <li>• Low labor rotation.</li> <li>• Very low number of labor demands.</li> <li>• Adequate work conditions, with good food and water quality supplied to the workers.</li> <li>• Monitoring of labor safety.</li> <li>• Clear signaling in the work fronts.</li> <li>• Transportation of employees in adequate and well conserved vehicles.</li> <li>• Employee training program previewing recycling before completing a year since the last training.</li> <li>• Good relationship with the surrounding population.</li> <li>• Collaboration with the public power as needed.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of labor safety was implemented recently. The reason for non conformities during the field audit that required innumerable major CARs.</li> <li>• Worker benefits such as health insurance could be implemented.</li> </ul>	<p><b>PRE 2005-02 2005-03 2005-04 2005-07 2005-08 2005-09 2005-11 2005-12 2005-13 2005-14</b></p> <p><b>CAR 2005-06</b></p>

			<b>REC. 2005-01</b>
<b>P 05 : Benefits from the Forest (Plantations)</b>	<ul style="list-style-type: none"> <li>• CACERES is a medium sized company, pioneer in the plantation of teak in the State of Mato Grosso. Some years ago it turned into an anonymous having as partners foreign companies that improved its long term investment capacity.</li> <li>• The plantations total less than 1500 ha and the production of the FMU started with the first clear cut in 2001.</li> <li>• Forest management is done objectively and is aimed at the supply of the sawmill in Caceres (MT).</li> <li>• CACERES uses a mechanized harvest system, with machinery that is adapted to avoid compaction and damage to other forest resources, with high productivity and technical adequacy.</li> <li>• The company uses almost all the wood produced, both in logs and in fuel wood.</li> <li>• The harvest residuals are disposed in the planting stands in adequate manner, making it easier to use the practice of natural regeneration</li> <li>• It does not use fire in soil preparation.</li> <li>• CACERES' operation is of medium size, its processing is done in the same region, to aggregate the maximum value to production</li> <li>• CACERES hires employees and subcontractors in the municipality where it is active, generating jobs and income in the region.</li> <li>• CACERES knows the importance of its forests in the water maintenance and production in the region.</li> <li>• The company has shown effort in reducing erosion problems and maintaining conservation areas.</li> <li>• There is a program to recover permanent preservation areas.</li> <li>• There is a continuous forest inventory program, where the production estimate is defined in a methodology of equivalent productive unit - uep</li> <li>• Compatibility among the current harvest levels and growth data. The harvest volume is slightly lower than the volume growth in the existing plantations, determined in the 2002, 2003 and 2004 inventories that totaled 5.341m<sup>3</sup>/year</li> </ul>	<ul style="list-style-type: none"> <li>• Verify the viability or not of apiculture in the conservation areas, as well as verifying if there is a demand for such an activity</li> </ul>	<b>REC 2005-02</b>
<b>P 06 : Environmental Impact</b>	<ul style="list-style-type: none"> <li>• There is a generic identification and evaluation of the environmental impacts of the forest activities.</li> <li>• There are basic maps containing the conservation areas;</li> <li>• The company elaborated a Recovery Plan for the Permanent Preservation Areas and is registering its Legal Reserves;</li> <li>• Studies on the recovery of degraded areas are being done;</li> <li>• The areas destined to conservation, legal reserve and permanent preservation areas represent ecosystems of natural occurrence in the region;</li> </ul>	<ul style="list-style-type: none"> <li>• There is a need to implement the systematic plan of identification and management of environmental risks for the all the FMUs in the whole company;</li> <li>• Need of a map of the conservation units according to their conservation state.</li> <li>• There are no fauna and flora surveys in the FMUs, this is beginning with a partnership with UNEMAT</li> <li>• The recovery plan for permanent preservation and legal</li> </ul>	<b>PRE 2005-01 2005-05 2005-06 2005-15 2005-16 2005-18 2005-21 2005-22 2005-23</b>

	<ul style="list-style-type: none"> <li>• Existence of a plan to prevent and control forest fires;</li> <li>• It was verified that the company has large fragments of natural areas, when compared to the surrounding areas.</li> <li>• The company has clear and operationally correct direction to avoid environmental damage in the harvest process;</li> <li>• The damage caused by plagues is small;</li> <li>• There is a pesticide management plan that includes reception, storage, transportation, application, return and final destination of the casks;</li> <li>• When agricultural chemicals are applied the workers receive appropriate training and use safety equipment;</li> <li>• Teak, being a very rustic plant, does not require a structured plague monitoring program;</li> <li>• There are implemented and appropriate proceedings and infrastructure for the use, treatment, discharge, final destination of residuals and casks.</li> </ul>	reserve are not implemented.	<b>CAR 2005-01</b> <b>2005-02</b> <b>2005-04</b> <b>2005-05</b>  <b>REC 2005-03</b> <b>2005-04</b>
P 07: Management Plan	<ul style="list-style-type: none"> <li>• There is a Management Plan appropriate to the scale and intensity of proposed operations, which is being implemented and updated. The long term forest management objectives and means to attain them are described clearly.</li> <li>• Planning, implementation and maintenance of roads is done according to technical specifications.</li> <li>• Adequate control and storage of harvested material.</li> <li>• There is a fire prevention and control plan and trained teams with defined responsibilities.</li> <li>• There are evidences that the planning and operation teams know the management plan.</li> <li>• Availability of the management plan for the public consultation.</li> <li>• Periodic review of the management plan.</li> <li>• Develop of formal programs to qualify its workers directly and indirectly involved with the forest operations.</li> </ul>	Environmental monitoring programs need to be implemented. The forest management plan should be divulged according to the presented plan.	<b>PRE 2005-17</b> <b>2005-19</b> <b>2005-20</b> <b>2005-24</b>  <b>CAR 2005-03</b> <b>2005-06</b>
P 8 – Monitoring and Assessment	<ul style="list-style-type: none"> <li>• There is standard documentation with available justification and methodology of monitoring and evaluation;</li> <li>• The monitoring information are being registered;</li> <li>• In relation to the fauna and flora the company has established a partnership with UNEMAT for the first surveys;</li> <li>• Production control of all harvested products are compared with the planning and inventory data;</li> <li>• There is a proceeding of origin identification and control of logs, the current practices guarantee the chain of custody of the forest, from the exit of logs in the farm until the sawmill in Caceres.</li> <li>• The monitoring results are being incorporated, and are available to the public</li> </ul>		

<p><b>P 09 – Maintenance of high Conservation Value Forests</b></p>	<ul style="list-style-type: none"> <li>• The data analysis from the biological surveys will allow the identification of special conservation characteristics and the identification of a HCVF;</li> <li>• There was no manifestation indicating the existence of special areas that should be considered for conservation by populations surrounding the FMUs;;</li> </ul>		
<p><b>P 10 –Forests plantations</b></p>	<ul style="list-style-type: none"> <li>• The objectives of the forest plantations are clear in the management plan, including the conservation of permanent preservation areas and legal reserve.</li> <li>• Comparing the activities with the land use surrounding them, the forest plantations promote a reasonable protection of remaining natural areas, allowing the conservation of important habitats of wildlife species</li> <li>• Currently the company does not have a genetic improvement program, conducting the teak plantations with the seeds that fell on the ground, from the previous plantation</li> <li>• Teak selection for plantation is based on the success of this pioneer enterprise;</li> <li>• Currently CACERES has enough areas to cover some of its properties with regards to legal reserve and has compromised to complete them after the positioning of responsible organizations, with whom the company does not agree on legal terms.</li> <li>• A practice of natural regeneration without land cultivation is used, avoiding the unnecessary soil disturbance.</li> <li>• The company does not use fire in its soil preparation activities.</li> <li>• There is no nursery at CACERES FLORESTAL</li> <li>• Justifications for the application and dosage of chemical products.</li> <li>• CACERES FLORESTAL does not intend to grow or acquire new areas to plant teak</li> <li>• CACERES FLORESTAL has not converted any natural forests to teak plantations after 1994.</li> </ul>	<ul style="list-style-type: none"> <li>• The maps of the planted areas could adopt the micro-watershed basin as management unit, projecting a series of actions to protect biodiversity.</li> </ul>	<p><b>PRE 2005-05 2005-06</b></p> <p><b>REC 2005-03</b></p>

#### 4.2 *Pre-conditions or Major CAR's*

**Pre-condition:** correcting actions defined in a forest operation after the initial audit that must be solved and accepted before the certificate is issued. The certification can't be issued if a pre-condition is not accomplished.

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

**Background/Justifications:** Inappropriate hunting and capture activities should be

controlled. There should be evidence of controlling hunting, fishing, logging and extraction of other forest products.	
<b>PRE 2005.01</b>	Create proceeding for the notification of the hunting activities inside the FMUs
Reference	<i>FSC Criteria P1.c5 and P6.c2</i>
<b>Actions by the company</b>	
The company has sent a written notification to all employees about the hunting prohibition and needs to notify the FMU supervisor about posting illegal hunting signs in the FMU. Also developed a Monitoring and Notification Form to be used in the case of illegal hunting.	
<b>Status by the end of this audit:</b>	
<b>Pre-condition fulfilled</b>	

<b>Background/Justifications:</b> The forest workers should be lodged in buildings that have adequate living conditions.	
<b>PRE 2005.02</b>	Build a new lodging at Fazenda Paraguatuba, and do not use the current one in seed storage
Reference	<i>FSC Criteria 4.2</i>
<b>Actions by the company</b>	
The company initially presented a project for a new lodging that would be concluded this year. However, since it was a Major CAR the auditors understood that the deadline was inadequate and due to this CACERES decided to change the project, elaborating an adaptation to the current lodging, with a physical separation of the living area from the seed storage, modifying the construction to adequate living conditions.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> Drinking water should be assured for the forest workers	
<b>PRE 2005.03</b>	Install dosers of chlorine previewed in the FMP
Reference	<i>FSC Criteria 4.2</i>
<b>Actions by the company</b>	
The company installed chlorine dosers in the farms. Manual dosage is done only at Sitio Castiçal do Jauru due to the lack of electric power.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> Safe working conditions should be assured in the forest operations to all professional functions.	
<b>PRE 2005.04</b>	Change the list of PSE in the following activities: <ul style="list-style-type: none"> <li>• Chainsaw operator – Obligatory use of appropriate pants, gloves, and steel-toed boots</li> <li>• Manual clearing – include the use of simple leg protection</li> </ul> Non-conformities in the use of PSEs

	<ul style="list-style-type: none"> <li>• Use of hardhats by coordinators and visitors in the harvest areas</li> </ul>
Reference	<i>FSC Criteria 4.2C</i>
<b>Actions by the company</b>	
CACERES did the necessary alterations for the adequate listing of PSEs as requested.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> In a certified area the company SHOULD accomplish the FSC pesticide use policy	
<b>PRE 2005.05</b>	Eliminate the use of pesticides forbidden by FSC: <ul style="list-style-type: none"> <li>• Have alternatives to avoid the treatment of logs in the FMUs or change the termite killer.</li> <li>• Have no stock of forbidden products.</li> </ul>
Reference	<i>FSC Criteria 6.6 and 10.7</i>
<b>Actions by the company</b>	
The company compromises to stop the use of products forbidden by FSC in its FMUs and thus not treat logs in the FMUs, transporting them to the sawmill patio. In the medium term the company intends to define another termite killer whose active ingredient is not restricted by FSC. The stock of pesticides forbidden by FSC was removed in the FMUs.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The company did not have a pesticide control system and guarantee of the return of empty casks.	
<b>PRE 2005.06</b>	Define and implement a pesticide control system and return of casks. Define limited access places to store pesticides and their PSE in the FMUs.
Reference	<i>FSC Criteria 6.6 and 10.7</i>
<b>Actions by the company</b>	
<ul style="list-style-type: none"> <li>▪ Written proceedings were established for the control and use of pesticides, including monitoring forms at the acquisition, storage and destination of pesticides.</li> <li>▪ The empty and used casks will be delivered at the “Agricultural Defensive Cask Collection Post” established in Mirassol D’ Oeste</li> <li>▪ In the three FMUs, locked rooms for pesticide and PSE storage were constructed</li> </ul>	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The monitoring of job accidents should include information about the last accident that occurred in the FMU, which should be exhibited on a sign to be visible to all workers.	
<b>PRE 2005.07</b>	Place an accident register tablet in the FMUs

Reference	<i>FSC Criteria 4.2C</i>
<b>Actions by the company</b>	
CACERES provided the material to fulfill the requirements of a FSC certified area, where 4 signs for accident registrations were made.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> Work accident monitoring should include the accident registrations with and without days off. To improve the control by those responsible for the firm, a trained employee should see the notes and occurrences.	
<b>PRE 2005.08</b>	Monitor the work accidents with and without days off. The work accident reports should be signed by the administrative manager
Reference	<i>FSC Criteria 4.2C</i>
<b>Actions by the company</b>	
CACERES provided the proceedings to fulfill this requirement	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The company should have a professional responsible for the monitoring of work safety, according to the NR 31.	
<b>PRE 2005.09</b>	Hire a full time Safety Technician and train him or her in the safe felling of trees
Reference	<i>FSC Criteria 4.2C</i>
<b>Actions by the company</b>	
The company has trained a safety technician hired for the specific activities of forest operations, including skidding, shipping and transportation.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> CACERES FLORESTAL should formally present the justifications of the reasons for which it does not fill the SSPP (Social Security Professional Profile) signed by the labor doctor that is subcontracted and affirms (in an informal manner) that this document is not needed.	
<b>PRE 2005.10</b>	Present a formal document that attests that the SSPP is not needed for all the workers of the company
Reference	<i>FSC Criteria 1.1</i>
<b>Actions by the company</b>	
The professionals responsible for the health and labor safety sector developed the LTCAT to do the SSPP	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b>
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<b>PRE 2005.11</b>	Ensure the Indiviavai transportation truck is up to safety standards
Reference	<i>FSC Criteria 4.2E</i>
<b>Actions by the company</b>	
CACERES FLORESTAL has a transportation vehicle available for each FMU and thus, proceeded to adapt them aiming at the worker safety, such as covered vehicles, with a truck safety frame, tool box, access stairs, and lateral protection on the benches.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The safety procedures at the field sites should include the correct signage of activities occurring in the FMU.	
<b>PRE 2005.12</b>	Insert signs in the harvest areas
Reference	<i>FSC Criteria 4.2F</i>
<b>Actions by the company</b>	
Two pairs of signs were made, one for each work front. Felling alternates between the FMUs of Rio Jauru (Sitio Castiçal or Fazenda Teca) and those in the region of Caceres (Fazenda Paraguatuba or Forest Experimental Area of Junco).	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> To better guarantee the forest workers their rights there should be a specific syndicate agreement with the Syndicate of Rural Workers of Caceres (only one in the region) and CACERES FLORESTAL.	
<b>PRE 2005.13</b>	Present workers union agreement with the workers unions in the region
Reference	<i>FSC Criteria 4.3</i>
<b>Actions by the company</b>	
The company presented the Workers Union Agreement made between the Union of Rural Workers of Caceres and Indiviavai (the latter was still not registered in the Labor Ministry as of April 2005), represented by FETAGRI, for the period between August 2005 and July 2006, finding that the document was registered at the Labor Ministry.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> CACERES FLORESTAL should conduct a socio-economic diagnosis of the region where it develops its activities to verify the social impacts to be mitigated	
<b>PRE 2005.14</b>	Elaborate the socio-economic diagnosis of the areas surrounding the FMUs and verify the eventual impacts, defining eventual mitigating measures. Include this chapter in the FMP.
Reference	<i>FSC Criteria 4.4</i>
<b>Actions by the company</b>	



CACERES FLORESTAL presented studies on the “Socio Economic Aspects” of the company’s area of action, with the characterization of the municipalities, including their history and the interaction with the local population.
<b>Status by the end of this audit</b>
<b>Pre-condition fulfilled</b>

<b>Background /Justifications:</b> There should be measures to protect rare and endangered species and their habitats (i.e.: nests and areas where they feed). Protection and conservation zones should be established according to the scale and intensity of the forest management, and according to the peculiarity of the related resources. Among the indicators, the existence of partnerships or agreements with public or private institutions, of enforcement and/ or research for the protection of its areas shows the company’s concern in protecting the biodiversity.	
<b>PRE 2005.15</b>	Present partnerships with teaching/research institutions for basic environmental surveys, forecasting the fauna and flora surveys should be qualitative and quantitative to characterize the beginning of the FMUs monitoring processes.
Reference	<i>FSC Criteria P6.c1</i>
<b>Actions by the company</b>	
The company had already started contact with UNEMAT for the biological surveys of its FMUs; however, the audit verified that this contact needed to advance to elaborate a specific formal technical-scientific agreement.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The existence of partnerships or agreements with public or private institutions, of enforcement and/or research for the protection of its areas shows the company’s concern in protecting biodiversity. However, these agreements need to treat this question within a pragmatic context that contains sufficient technical merit to allow future monitoring of the ecological integrity of the protected areas.	
<b>PRE 2005.16</b>	Present a work plan referring to the previous Major CAR including methodology, schedule and budget..
Reference	<i>FSC Criteria P6.c1</i>
<b>Actions by the company</b>	
The company contacted UNEMAT, who responded sending a minimum term of reference as to what will be done.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background/Justifications:</b> The forest fire prevention program delineated in the management plan should be implemented.	
<b>PRE 2005.17</b>	Implement the forest fire prevention program expected in the FMP
Reference	<i>FSC Criteria 7.1</i>
<b>Actions by the company</b>	
The Fire Fighters gave the course Fire Prevention and Combat. The material	

described in the Management Plan was bought (back pump and abafadores) and distributed and is available in the FMUs.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> Since there are fuel tanks in the FMUs, these should follow safety standards as stated	
<b>PRE 2005.18</b>	Install the fuel tanks according to safety standards, limit access and define authorized personnel to use them.
Reference	<i>FSC Criteria 6.7</i>
<b>Actions by the company</b>	
The tanks are installed over metal bases to contain eventual leakings, as necessary by law. Operators were defined for both tanks that will receive the legal additional salary.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The presented maps should describe the field truthfully, including location information.	
<b>PRE 2005.19</b>	▪ Include the magnetic North and graphic scale (correct or eliminate the nominal scale) in the cartographic maps. Exclude the area of the Clone Orchard from the map of the FMU Paragatuba.
Reference	<i>FSC Criteria 7.1</i>
<b>Actions by the company</b> The North Quadrícula (reference) and the graphic scales were included in the maps. Nominal scales were excluded. The Clone Orchard was also excluded from the map of Fazenda Paragatuba.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The Management Plan should be divulged to society.	
<b>PRE 2005.20</b>	Plan to Divulge the Management Plan of UFCB
Reference	<i>FSC Criteria 7.4</i>
<b>Actions by the company</b>	
A plan to divulge the management plan was presented.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

The company should adhere to the legal requirements referring to protection of permanent preservation areas.	
<b>PRE 2005.21</b>	Define a multi-annual recovery plan for the APPs and present a map

	with the forecasted adequacies.
Reference	<i>FSC Criteria P6.c1 and P6.c4</i>
<b>Actions by the company</b>	
The maps were updated to show the APPs currently occupied with teak plantations and that will be reintegrated to the conservation areas as soon as they undergo clear cut harvest. The recovery plan of permanent preservation areas basically forecasts the recovery when any teak stand in the FMU undergoes clear cut, when these areas will be reintegrated to this specific function with periodic interventions to remove eventual seedlings of the exotic species planted by the company.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The company should adhere to the legal requirements referring to the protection of permanent preservation areas..	
<b>PRE 2005.22</b>	Define a multi annual recovery plan for the legal reserve area and present a map with the forecasted adjustments.
Reference	<i>FSC CriteriaP6.c4</i>
<b>Actions by the company</b>	
The maps were updated to show the APPs currently occupied with teak plantations and that will be reintegrated to the conservation areas as soon as they undergo clear cut harvest. The recovery plan of permanent preservation areas basically forecasts the recovery when any teak stand in the FMU undergoes clear cut, when these areas will be reintegrated to this specific function with periodic interventions to remove eventual seedlings of the exotic species planted by the company	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The conservation areas must be protected.	
<b>PRE 2005.23</b>	Forbid the extraction of tool handles (axes, brush hook, and others) from the conservation areas (CAs).
Reference	<i>FSC Criteria P6.c4</i>
<b>Actions by the company</b>	
The company started to buy the tool handles necessary for the development of the activities in its FMUs and its employees were notified about the prohibition of removing tool handles from the company's FMU conservation areas.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

<b>Background /Justifications:</b> The management plan should reflect the field reality	
<b>PRE 2005.24</b>	Include in the FMP: <ul style="list-style-type: none"> <li>a) Fulfill the FSC standards (in the objective)</li> <li>b) Compromise not using pesticides forbidden by FSC.</li> <li>c) Review the whole FMP and remove any mention to SCS and interpretations and actions not supported by FSC (legislation, pesticides, among others)</li> </ul>

Reference	<i>FSC Criteria P7 c1</i>
<b>Actions by the company</b>	
The management plan was adequated and accepted.	
<b>Status by the end of this audit</b>	
<b>Pre-condition fulfilled</b>	

## 5. CERTIFICATION DECISION

### 5.1 CERTIFICATION RECOMMENDATION

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the CACERES FLORESTAL S.A be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2.for a five year period (2005 to 2010).CACERES FLORESTAL S.A has demonstrated that their system of management is capable of ensuring that all of the requirements of the Standard for Forest Plantation Management in Brazil, version 8.0 are met over the forest area covered by the scope of the evaluation. CACERES has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate

### 5.2. CAR’s (Corrective Actions Required)

<b>Background /Justifications:</b> <i>There is a need to perform environmental evaluations to determine the impact of the management activities over the natural ecosystem components. These evaluations should include studies and surveys on fauna, flora, habitats, water resources, locations with relevant historic, cultural, archeological, speleological or landscape value. The company should perform these surveys and characterize the FMUs adequately.</i>	
<b>CAR 2005.01</b>	Implement by the second annual audit (2007) the Environmental Characterization Plan, in partnership with a teaching institution. The plan must include fauna and flora surveys, both qualitative and quantitative, to characterize the beginning of the FMUs monitoring process. A report on the activities and partial results should be presented at the first annual audit.
<b>Deadline</b>	<i>2007 annual audit</i>
<b>Reference</b>	<i>FSC Criteria P6.c1</i>

<b>Background/Justifications</b> <i>The representative samples of ecosystems existent within the natural landscape should be protected in their natural state and identified in the maps appropriate to the scale and intensity of the forest management activities and according the specificity of the affected resources. Thus, it is necessary to verify the conservation state of the natural areas and map the areas according to the existent vegetation type.</i>	
<b>CAR 2005.02</b>	Elaborate a map of the CAs according to the conservation state of

	the vegetation physiognomies of the FMUs by the second annual audit, presenting the legend to be used in the first annual audit.
<b>Deadline</b>	<i>2007 Annual Audit</i>
<b>Reference</b>	<i>FSC Criteria P6.c4</i>

<b>Background/Justifications:</b> The Forest Management Plan (FMP) should be divulged to institutions and interested people in general.	
<b>CAR 2005.03</b>	Implement the Plan to make the FMP publicly available, presenting a report on the progress obtained at the annual audits
<b>Deadline</b>	<i>2006 annual audit</i>
<b>Reference</b>	<i>FSC Criteria 7.4</i>

<b>Background/Justifications:</b> <i>The company under certification should declare its long-term commitment to maintain significant samples of the existent ecosystems (according to P6.c4.), of the permanent preservation areas and legal reserve. It should fulfill the environmental laws of its country regarding the maintenance of natural areas such as legal reserves.</i>	
<b>CAR 2005.04</b>	Annually, during the audits, present a report on the advancement of the APP Recovery Plan.
<b>Deadline</b>	<i>2006 annual audit</i>
<b>Reference</b>	<i>FSC Principle P1.c7 e P6 c4</i>

<b>Background /Justifications:</b> <i>The company under certification should declare its long term commitment to maintain significant samples of the existent ecosystems (according to P6.c4.), of the permanent preservation areas and legal reserve. It should fulfill the environmental laws of its country regarding the maintenance of natural areas such as legal reserves.</i>	
<b>CAR 2005.05</b>	In the 2007 audit the company should present its Plan to establish the Legal Reserves.
<b>DEADLINE</b>	<i>2007 annual Audit</i>
<b>Reference</b>	<i>FSC Principle P1.c7 e P6 c4</i>

<b>Background /Justifications</b> <i>There should be formal mechanisms and procedures for the registration of demands, questions and solicitations that involve the local population, the company, and/or its management.</i>	
<b>CAR 2005.06</b>	Elaborate formal procedures to receive solicitations, questions or demands from the local population, as well as feedback to those asking.
<b>deadline</b>	<i>2006 annual audit</i>
<b>Reference</b>	<i>FSC Principle P4.c4.i2 e P7.c4.i3</i>

## Recommendations

**Recommendations 2005.01:** Implement a health insurance plan for the forest workers

**Recommendations 2005.02:** Verify the viability of other economic activities in the company's areas, such as apiculture, and determine if there is enough interest of people or institutions to develop it

**Recommendations 2005.03:** The maps of planted areas could adopt the micro-watershed basin as a management unit, projecting a series of actions to protect biodiversity.

**Recommendations 2005.04:** As soon as there is important biological information from an operational point of view, the management plan should be adapted to include them.

## **6. SURVEILLANCE EVALUATIONS**

### **6.1. 2006 Annual Audit**

#### **6.1.1. Assessment Dates**

Full Certification Evaluation:	April 25-28, 2005
First Annual Audit:	August 1-3, 2006

#### **6.1.2. Auditor**

Roberto Bauch

#### **6.1.3. Assessment Process**

The first annual audit of Caceres began on August 1, 2006. On this day a chain of custody audit was performed, and the auditor also visited the Junco area near Caceres.

On August 2nd Roberto Bauch visited the Sítio Castiçal and Teca Fazendas to observe teak harvesting being done with a feller-buncher, chainsaw bucking, and removal harvester. Before the trees are felled, the stumps are cleaned using hoes. After removal of the trees, firewood is extracted using agricultural tractors. At the landing, logs are divided and classified. The auditor observed safety rules and working conditions. He also visited Permanent Preservation Area (PPA) recovery areas where teak sprouts were being removed by using a grub hoe or by manual cutting with herbicide application. This was being done to control teak reinfestation in these areas and for other environmental precautions. In Fazenda Sítio Castiçal a new headquarters was being built.

On the 3rd of August the auditor visited Fazenda Paraguatuba where seed harvest and teak firewood removal were occurring. In previous months, some thinnings had been done. He also visited conservation areas and the logging encampment, where the forest workers stay during the week. The auditor observed aspects of safety and environmental safeguards, and there was

a discussion about fauna work being done in the Fazenda. Chemical product storage was also evaluated, along with supply control, transport of products, return of packaging, and conservation of the road network. At the end of the afternoon, a closing meeting was held with company representatives for the general evaluation of performance. Results of the audit were presented and discussed.

#### 6.1.4 Status of Open CARs and Recommendations

<b>CAR 2005-01 (minor)</b>	<b>Reference: FSC P6.c1</b>
Implement by the second annual audit (2007) the Environmental Characterization Plan, in partnership with a teaching institution. The plan must include fauna and flora surveys, both qualitative and quantitative, to characterize the beginning of the FMUs monitoring process. A report on the activities and partial results should be presented at the first annual audit.	
<b>Company Actions/Auditor Comments:</b>	
In 2006 Caceres presented the “Partial Report on Research Project Activities on Fauna Diversity in Fazenda Paragatuba (Alto Rio Paraguai Region, Caceres, MT, Brazil)”. The coordinator was Prof. Ms. Francisco de Assis Rabelo Junior do Deptº de Ciências Biológicas da UNEMAT de Cáceres, September 2006. In this first report initial results were presented, related to the following sub-projects: a. Herpetofauna (Amphibians and Reptiles) – Prof. Eládio Crisóstomo de Oliveira; b. Ornitofauna (Birds) – responsável Prof. Mahal Massavi Evangelista; c. Non-flying Mastofauna (non-flying mammals) – Prof. Pedro Carlos d. Chiropteroфаuna (Bats – flying mammals) – Prof. Ms. Francisco de Assis Rabelo Junior. A graduate thesis was also presented on the “Pacu Alimentation during Flooding Periods in Fazenda Paragatuba.” For next year, the auditor would like to be presented with a list of animals sighted and their classification in relation to survival threat, and, if possible, steps the company should take to protect these threatened species.	
<b>Status at the end of audit:</b>	
<b>CAR in progress, deadline 2007 annual audit</b>	

<b>CAR 2005-02 (minor)</b>	<b>Reference: FSC P6.c4</b>
Elaborate a map of the CAs according to the conservation state of the vegetation physiognomies of the FMUs by the second annual audit, presenting the legend to be used in the first annual audit.	
<b>Company Actions/Auditor Comments:</b>	
The deadline has not yet been reached for this CAR. There were difficulties in beginning this work with UNEMAT/Caceres and no proposals for this mapping have been presented. The auditor hopes that the company forth all effort in completing this commitment by the next audit.	
<b>Status at the end of audit:</b>	
<b>CAR in progress, deadline 2007 annual audit</b>	

<b>CAR 2005-03 (minor)</b>	<b>Reference: FSC P7.c4</b>
Implement the Plan to make the FMP publicly available, presenting a report on the progress	

obtained at the annual audits.
<b>Company Actions/Auditor Comments:</b>
The company developed a public summary of its management plan called “CÁCERES FLORESTAL – Sustainable Teak Plantations” that is being distributed in the region according to the presented plan.
<b>Status at the end of audit:</b>
<b>CAR closed</b>

<b>CAR 2005-04 (minor)</b>	<b>Reference: FSC P1.c7 e P6.c4</b>
Annually, during the audits, present a report on the advancement of the APP Recovery Plan.	
<b>Company Actions/Auditor Comments:</b>	
This document was presented, demonstrating that in the Fazenda Teca 5.82 hectares were recovered, and 4.06 in Fazenda Castiçal. These areas are incorporated into the conservation areas, depending on clearcuts of teak.	
<b>Status at the end of audit:</b>	
<b>CAR closed</b>	

<b>CAR 2005-05 (minor)</b>	<b>Reference: FSC P1.c7 e P6.c4</b>
In the 2007 audit the company should present its Plan to establish the Legal Reserves.	
<b>Company Actions/Auditor Comments:</b>	
The company has not presented any evidence that they are working on this topic, also because in Mato Grosso the federal and state environmental agencies were undergoing a large audit, and nothing has been resolved. It is important for next audit that the company should present its plan of action to comply with this condition.	
<b>Status at the end of audit:</b>	
<b>Deadline still 2007 annual audit</b>	

<b>CAR 2005-06 (minor)</b>	<b>Reference: FSC P4.c4.i2 e i3</b>
Elaborate formal procedures to receive solicitations, questions or demands from the local population, as well as feedback to those asking.	
<b>Company Actions/Auditor Comments:</b>	
The company presented procedures in relation to the receipt of demands from the local population, including:	
a) Installation of an ID plaque in each FMU, with the company name, address, phone number, and email contact, opening a direct channel of communication between the community and the Cáceres administration;	
b) Upon receiving any communication or email with a request or claim, a tracking record will be filed;	
c) The tracking record will be sent to administration for action, when necessary;	
d) After analysis of a claim or suggestion, the administration will take appropriate steps, informing the notifier;	
e) Records will be archived for control and monitoring.	
<b>Status at the end of audit:</b>	
<b>CAR closed</b>	



## Recomendações:

<b>REC 2005-01</b>	<b>Reference:</b> FSC P4.c4
Implement a health insurance plan for the forest workers	
<b>Company Actions/Auditor Comments:</b>	
The company is doing an evaluation on this, but has not decided anything yet.	
<b>Status at the end of audit:</b>	
<b>REC not complete</b>	

<b>REC 2005-02</b>	<b>Reference:</b> FSC P5.c4
Verify the viability of other economic activities in the company's areas, such as apiculture, and determine if there is enough interest of people or institutions to develop it	
<b>Company Actions/Auditor Comments:</b>	
The company is doing an evaluation on this, but has not yet found interested partners.	
<b>Status at the end of audit:</b>	
<b>REC not complete</b>	

### 6.1.5 New CARs and Recommendations

In addition to the CARs already open, the auditors still found some areas for improvement:

<b>Background/Justification:</b> A new law was passed on workplace safety and the company should adhere to these new requirements.	
CAR 2006-01	By 30 days, the company should present an evaluation, and an implementation plan for NR 31 of the Labor Ministry by the 2007 AA.
Reference	FSC <i>P1c1 e P4.c4</i>
Deadline	<b>Immediately, and 2007 annual audit</b>
<b>Company Actions/Auditor Comments</b>	
The company presented an evaluation and the actions to implement for NR31. At the next audit, the auditor should verify whether all the foreseen items were implemented. The auditor should also check to see if combustible tanks have been isolated and identified.	
<b>Status at the end of audit</b>	
<b>CAR in progress, deadline 2007 annual audit</b>	

<b>Background/Justification:</b> A new law was passed on workplace safety and the company should adhere to these new requirements.	
CAR 2006-02	By the 2007 audit, carry out a training specifically with tractor drivers in order to define and respect the permanent preservation areas, avoiding traffic in these areas..
Reference	FSC <i>P6.c5</i>
Deadline	<b>2007 audit</b>

## **6.1.6 General Conclusions of the 2006 Annual Audit**

The evaluation of Principles 5 and 10, and their many criteria, demonstrates that Cáceres Florestal is in compliance with the requirements for FSC Forest Certification. There were few points where correction is necessary. The company is developing a good management program.

## **6.2. 2007 Annual Audit**

### **6.2.1. Assessment Dates**

Field Audit: April 25/28, 2005

First Audit: August 1/3, 2006

Second Audit: September 17/18, 2007

### **6.2.2. Assessment Team**

**Miguel L. de Paula** is an agronomist engineer graduated by Universidade Federal do Paraná and a Company Administrator by FESP. He has been working for six years in the Timber and Forest Sector. In the Forest Sector, he has worked in the operational and planning coordination and production control, and training of operational workforce in the Northern region in Brazil. In the industrial sector, he has worked in the development, application, training and coordination of FSC-chain of custody certification - Forest Stewardship Council e CE marking for important companies. He has developed activities to reorganize production controls, system to identify and control, certified products stock maintenance. He has worked as a coordinator of a company's forest vivarium and was manager of one unit, in which he carried out works such as industrial exploitation and production of planted tropical forests. He has contributed in works of environmental education for both employees and visitors. He has been working for a year with FSC Forest certification, by SCS (Scientific Certification System), making forest management audit (natural and planted forests) and Chain of Custody.

### **6.2.3. Evaluation Process**

Cáceres annual audit activities began on the seventeenth of September, 2007. Miguel Lanzuolo visited the industry. He was introduced to Cáceres Florestal's entrepreneurial system. He had access to the operation area maps. The auditor was also introduced to the forest management plan and to the monitoring and evaluation programs. Then, a Chain of Custody audit was conducted at the industry.

Fazenda Paragatuba and Teca do Jauru Farms were visited on the eighteenth of September. Fazenda Paragatuba: office, workshop, dining hall and dormitory had been visited. The industry was operating normally, however, the harvesting operation had been finalized at Fazenda TECA and the feller bunch was standstill.

It is possible to visualize shallow cut areas originated from the previous years, and their maintenance and development according to the system by the company to give continuity to the reforestations. The lines are cleaned and a roll is passed through the lines for breaking and gathering residues. One of the advantages is that it is not necessary to revolve the soil. Afterwards, the regenerated population is maintained and so are the selected plants through pruning.

The post-harvesting activities were assessed, such as chain saw cuts and removal. Before starting felling the trees, the tree stumps are cleaned with a hoe. After the cut, the logs are removed using farming tractors. The logs are sawn and sorted at the woodyard.

The safety requirements and the working conditions have been evaluated. The areas that had been assigned as Permanent Preservation Areas have been visited. The procedures used to remove teca sprouting with either hoe or manual cutting and herbicide application to control teca re-infestation at the area and the environmental concerns have been audited. A new headquarter is being built at Fazenda Sitio Castiçal. The procedures adopted by the company to remove firewood from the previous year thinning were verified because there is a commercial demand for firewood at the moment.

The chemical products storage area has also been assessed; the procedures to control the chemical inventory, the outflow of products and the return of empty containers have been inspected. The procedures adopted to preserve the roads have been surveyed. There was a closing meeting in the afternoon with the company's representatives for the company's general assessment and the results of the audit were discussed.

#### 6.2.4. Status of the Corrective Actions Requested – CARs and Recommendations.

<b>CAR 2006-01</b>	The organization shall introduce in thirty days an evaluation and a plan to implant resolution NR31 from Ministério do Trabalho (Labor State Department). This will be verified at the 2007 annual audit.
Reference	FSC Principle <i>P1c1 e P4.c4</i>
Deadline	<b>Immediately and 2007 audit</b>
<b>Company's Measures / Auditor's Observation</b>	
The company has introduced a survey and the measures to implant NR31 resolution. It will be assessed at the next annual audit if all its aspects have been implanted. The following will also be assessed:	
<ul style="list-style-type: none"> <li>- Isolation and identification of the fuel tanks.</li> <li>- Implantation of labor gymnastic.</li> <li>- Interval for rest.</li> <li>- CIPATR adjustment.</li> <li>- Bus to transport employees in Fazenda Teca road – this is in negotiation process.</li> </ul>	
<b>Status at the end of the audit</b>	
<b>CAR closed</b>	

<b>CAR 2006-02</b>	The company shall arrange specific training for tractors drivers, instructing them to respect the permanent preservation areas preventing traffic at these areas. The company has until the 2007 audit to arrange that.
Reference	FSC Principle FSC <i>P6.c5</i>
<b>Company's Measures / Auditor's Observation</b>	
It was possible to see on the field assessment that the traffic at the Permanent Preservation Areas has been discontinued; the tractors drivers have commented that they had been trained to prevent this type of damage.	
<b>Status at the end of the audit</b>	
<b>CAR closed</b>	

<b>Minor CAR 2005-01</b>	<b>Reference:</b> FSC P6.c1
The company shall introduce up to 2007 annual audit an Environmental Characterization Program in partnership with an education institute to survey fauna and flora quantitative and qualitative to mark the	

beginning of the FMUs monitoring process. A report of the preliminary activities and results shall be presented at the first annual audit.
<b>Company's Measures / Auditor's Observation</b>
<p>The partial report of the activities developed by the fauna diversity project research at Fazenda Paragatuba (Região do Alto Rio Paraguai, Município de Cáceres, Mato Grosso – Brasil) was presented at the 2006 audit. This project was coordinated by professor Francisco de Assis Rabelo Junior from Biological Science department from UNEMAT – Cáceres.</p> <p>The partial report of the activities developed by the fauna diversity project research at Fazenda Paragatuba (Região do Alto Rio Paraguai, Município de Cáceres, Mato Grosso – Brasil) was presented at the 2006 audit. This project was coordinated by professor Francisco de Assis Rabelo Junior from Biological Science department from UNEMAT – Cáceres.</p> <p>At his first report, the initial results were presented, which are related to the following sub-projects:</p> <p>a) Amphibians and Reptiles: under the responsibility of professor Eládio Crisóstomo de Oliveira;</p> <p>b) Birds: under the responsibility of professor Mahal Massavi Evangelista;</p> <p>c) Bats and winged mammals: the responsibility of Professor Francisco de Assis Rabelo Junior.</p> <p>A graduating monograph about Pacu Feeding at the flooding period in Fazenda Paragatuba has also been presented.</p> <p>For the next audit, a list of the animals that had been spotted and their classification according to the threat of their survival, and if possible, the measures the company will adopt to protect endangered species.</p> <p>A research about the richness and abundance of big-sized mammals spotted at Fazenda Paragatuba, located in Cáceres – MT, Alto Pantanal was introduced at the 2007 audit. This research has been developed by Ms. Josefa Silva dos Santos.</p> <p>The company has been seeking to firm partnership with educational and research institutes to fully comply with this CAR, but it has been difficult because of the long distance involved.</p> <p>The company must demonstrate some advances at fauna and flora surveys that are present at the production and preservation areas.</p>
<b>Status at the end of the audit</b>
<b>CAR partially complied – postponed 2008 audit.</b>

<b>Minor CAR 2005-02</b>	<b>Reference:</b> FSC P6.c4
The company shall elaborate a map for the conservation areas according to the phyto physiognomies of the FMU up to the second annual audit. The legend that will be used shall be presented at the first annual audit.	
<b>Company's Measures / Auditor's Observation</b>	
<p>Event though the deadline had not expired yet, the company found it difficult to begin this work with UNEMAT/Cáceres, and any mapping proposal has been introduced. The auditor expects that the company concentrates its efforts to comply with this CAR up to the next audit.</p> <p>The company demonstrated in the 2007 audit that it had difficulty to obtain partnerships to develop this research.</p>	
<b>Status at the end of the audit</b>	
<b>CAR open – Deadline: 2008 audit.</b>	

<b>Minor CAR 2005-03</b>	<b>Reference:</b> FSC P7.c4
The company shall implant a plan to make its forest management plan available to the public. The company shall introduce a report with the progresses obtained at the annual audits.	
<b>Company's Measures / Auditor's Observation</b>	
The company has arranged a public summary of its forest management plan, which is being spread in the region.	
<b>Status at the end of the audit</b>	

<b>CAR closed</b>
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<b>Minor CAR 2005-04</b>	<b>Reference:</b> FSC P1.c7 and P6.c4
The company shall present a report related to the advances obtained in the Recovery Plan of the Permanent Preservation Areas during the Annual Audits.	
<b>Company's Measures / Auditor's Observation</b>	
Such document has been introduced that demonstrates that at Fazenda Teca and at Fazenda Castiçal, 5,82 and 4,06 ha, respectively had been recovered. These areas are incorporated to the preservation areas as the teca's shallow cuts are carried out.	
<b>Status at the end of the audit</b>	
<b>CAR closed</b>	

<b>Minor CAR 2005-05</b>	<b>Reference:</b> FSC P1.c7 and P6.c4
The company shall present its Plan to Adjust the Legal Reserves at the 2007 audit.	
<b>Company's Measures / Auditor's Observation</b>	
The company has not shown any evidence it that is has been working in this issue. There has been a great audit operation in the federal and state environmental institutes, which caused that nothing had been solved. It's very important to emphasize that the company shall present a plan of action to comply with this condition. At the 2007audit , the organization introduced the measures it had been adopting to maintain its legal reserves; it alleged that the Brazilian Forestry Code, as a law, has more power than 1996 Provisory Measure, which determines that the legal reserves in the Amazon region shall corresponds to 80% of the total area. This claim made by the company has legal support. This issue has been evaluated by the environmental minister because a number of properties, similar to Cáceres Florestal have registered their legal reserves before the provisory measure had been determined. A result will be obtained after the judgement of this process.	
<b>Status at the end of the audit</b>	
<b>CAR closed</b>	

<b>Minor CAR 2005-06</b>	<b>Reference:</b> FSC P4.c4.i2 e i3
The company shall elaborate procedures to receive requests, explanations or complaints from the local population, and provide feedback to the solicitors.	
<b>Company's Measures / Auditor's Observation</b>	
<b><i>The company has elaborated procedures to receive the demands of the local population:</i></b> a) The company has arranged the installation of signs in every FMU. The signs have the following information: the name of the company, its address, phone number and email for contact. This is a direct communication channel between the community and the company. b) A monitoring formulary is filled out whenever the company receives any email or phone call with requests or complaints. c) This formulary will be headed for the administrative sector. d) After analyzing the complain or the suggestion, the administrative department will take the measures necessary, and it is committed to get in touch with the person that had made the claim/suggestion. The formularies will be filed for controlling and monitoring purpose	
<b>Status at the end of the audit</b>	
<b>CAR closed</b>	

## Recommendations

<b>REC. 2005-01</b>	<b>Reference:</b> FSC P4.c4
The company shall provide a life insurance program to its forestry employees.	
<b>Company's Measures / Auditor's Observation</b>	
The company has been evaluation hisi, but it has not taken any decision yet. It was verified at the 2007 audit that the employees are covered by a life insurance program	
<b>Status at the end of the audit</b>	
<b>REC closed</b>	

<b>REC 2005-02</b>	<b>Reference:</b> FSC P5.c4
The company shall verify the viability to introduce other economy activities in the region, such as apiculture. The company shall verify if there are people or institutions interested to develop such activities.	
<b>Company's Measures / Auditor's Observation</b>	
The company has verified this possibility, however, it had found no part interested. At the 2007 audit, it was demonstrated that the company had developed apiculture activities in the region, even though this activity proved to be not economically feasible.	
<b>Status at the end of the audit</b>	
<b>REC closed</b>	

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

Beside the CARs that remain open, the auditor surveillance team have found factors in which Cáceres ´ certification will depend upon.

<b>Minor CAR 2007-01</b>	<b>Reference</b> FSC P7.c1 b
The company shall describe and locate all controversy issues that had been found at the company's properties. The company shall describe the activities it has been developing near the bordering points and if there is discontinuity of the permanent preservation areas.	
<b>Deadline: 2008 annual audit.</b>	

<b>Minor CAR 2007-02</b>	<b>Reference:</b> FSC P7.c1.i3
The company shall elaborate documents that describe the roads used by the company and the maintenance and conservation procedures that had been adopted (equipment employed	
<b>Deadline: 2008 annual audit.</b>	

## 6.3 2008Annual Audit

### 6.3.1. Assessment Dates

Field Assessment Certification	From April 25 to 28, 2005
First Audit	From August 1 to 3, 2006
Second Audit	From September 17 to 18, 2007
Third Audit	From September 22 to 24, 2009

### 6.3.2. Auditor

**Dr. Vanilda R. S. Shimoyama** is a Forest Engineer graduated at USP and doctor by UFPR in the Wood Technology Area. She has more than twenty years in professional experience. She has worked as a researcher, consultant and service provide for private sector in Brazil. For the forest department, she has developed, implanted and carried out forest quality control programs. She has also developed research to improve forest productivity and for improving the wood quality. She has worked in the forest harvest area for more than seven years. For the environmental sector, she has carried out studies and she has developed programs to minimize environmental impacts caused by forest activities. She has developed management programs for the residues generated during the forests activities. She has also developed norms to use chemical products and has introduced new products. She has coordinated natural fragments studies and projects to recover degraded areas. For the social sector, she has developed human resources qualification programs (training and recycling), involving subjects such as productivity, quality, safety at work and environment. She has developed projects, implanted and carried out environmental education programs in Paraná state Northern region. For the industrial sector, she has developed and carried out programs to integrate Forest x Industry in with the objective to improve the final product cost and reduce the production costs; she has also carried out studies and programs for a better use of raw material. Since 2003, she has been actuating as auditor in forest management pre-evaluation, certification and re-certification process, involving both planted and natural forests and Chain of Custody evaluations involving diverse forest products.

### 6.3.3. The Assessment Process

Cáceres Florestal S/A forest management annual assessment began on September 22<sup>nd</sup>, 2008. There was an opening meeting to introduce the assessment program. On this same day, the assessor visited Fazenda Jauru, where forest harvesting activities were being developed. The assessor observed the tree logging techniques, employee-related documentation, training and use of individual protection equipments. The assessment team visited Sitio Castiçal do Jauru in order verify the road conservation conditions, occurrence of illegal hunting and fishing and integrity of native forests (Permanent Preservation Areas and Legal Reserves).

On the twenty-third, the assessment team inspected the chemical product storage area and the system to control the flow and return of containers. Florestal do Junco experimental area was also visited, where fertilization tests were being conducted.

On the twenty-fourth, the assessment team audited all pertinent documentation, the projects that had been developed and the open CARs were reviewed. The mill 's Chain of Custody system was also evaluated.

A closing meeting was held in the afternoon, where the assessment team introduced the conclusions associated to conformance with the open CARs and the new corrective actions requests that had just been raised.

### 6.3.4. Status of Corrective Actions Requests – CARs and Recommendations

Minor CAR 2005-01
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Implant up to the second Annual Assessment (2007) the Environmental Characterization Plan in partnership with educational institutions including both fauna and flora surveys and qualitative and quantitative to characterize the beginning of the FMUs monitoring process. A report showing the activities and the partial results shall be introduced on the first Annual Assessment.
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<b>Company 's Actions/ Auditor Observations</b>	
<p>The Partial Report of the Research Project Activity about Fauna Diversity on Fazenda Paraguatuba (Alto Rio Paraguay region, Cáceres Mato Grosso – Brazil) was shown in the 2006 assessment. The research was coordinated by Professor Francisco de Assis Rabelo Junior from UNEMAT Biological Science Department and the report was elaborated in September 2006.</p> <p>This first report shows the initial results, listing the following sub-projects:</p> <ol style="list-style-type: none"> <li>Herpetofauna (Amphibians and Reptiles) – under the responsibility of professor Eládio Crisóstomo de Oliveira;</li> <li>Ornitofauna (Birds) – under the responsibility of professor Mahal Massavi Evangelista;</li> <li>Non-Flying Mastofauna (Non-Flying Mammals) – under the responsibility of professor. Pedro Carlos, and;</li> <li>Chiropterofauna (Bats – Flying Mammals) – under the responsibility of Professor Francisco de Assis Rabelo Junior.</li> </ol> <p>A graduation background paper about “Feeding of Pacu during the flooding periods on Fazenda Paraguatuba” was introduced.</p> <p>It is important to mention that the organization shall introduce on the next assessment a list of the animals that had been sighted and their classifications associated to endangerment, and if possible, the precautions that the company will adopt to protect these endangered species.</p> <p>A research about <i>Richness and Relative Abundance of Medium and Big-Sized Mammals at Fazenda Paraguatuba Area – Cáceres – MT, Alto Pantanal</i>, which was developed by a student called Josefa Silva dos Santos was introduced in the 2007 assessment. This research deals with a survey about the fauna that occurs at the company 's areas. The organization has been seeking partnership with teaching and research institutions in order to comply with this CAR; however, there were difficulty due to the distance involved. The organization shall introduce up to the next assessment some advances in the fauna and flora evaluations at both production and conservation areas.</p> <p>The organization introduced in the 2008 assessment the project final report called <i>Terrestrial Vertebrates Occurring at Fazenda Paraguatuba (Alto do Rio Paraguay – Cáceres, Mato Grosso)</i> which had been developed by UNEMAT (Mato Grosso State University).</p>	
<b>Situation at the end of the assessment.</b>	
<b>CAR complied and complemented by CAR 2008-02</b>	

<b>Minor CAR 2005-02</b>	<b>Reference:</b> FSC P6.c4
<p>Elaborate a map of the Conservation Areas, conservation status of the FMUs phyto physiognomies, whose deadline is the second annual assessment. The legend that will be employed was introduced on the first annual assessment.</p>	
<b>Company 's Actions/ Auditor 's Observations</b>	
<p>Even though the deadline was not due, there was difficulty to begin this work with UNEMAT/Cáceres and any proposal about the mapping that it is intended to do was shown. The auditor expects that the company complies with this requirement up to the next assessment.</p> <p>The company revealed in 2007 that it had found it difficult to obtain partnership to develop this work. In 2008, the company showed the results about the status of the phyto physiognomies conservation; however, the mapping had not been concluded.</p>	
<b>Situation at the end of the assessment.</b>	
CAR under development whose deadline was extended to the 2009 assessment.	

<b>Minor CAR 2007-01</b>	
<p>Describe and pinpoint all the neighbors of all the company 's areas, describing the activities that they develop near the borders and if there is discontinuity of the Permanent Preservation Areas in them.</p>	
<b>Deadline:</b> 2008 Annual Assessment.	



<b>Company 's Actions/ Auditor 's Observations</b>
Cáceres has elaborated a document that lists the neighbors and their respective activities. The organization has also showed a map of the Management Unit, that pinpoints all the neighbors.
<b>Situation at the end of the assessment.: CAR Complied</b>

<b>Minor CAR 2007-02</b>	<b>Reference:</b> FSC P7.c1.i3
The company shall elaborate documents that describe the roads used by the company and the maintenance and conservation procedures that had been adopted (equipment employed).	
<b>Deadline:</b> 2008 Annual Assessment.	
<b>Company 's Actions/ Auditor Observations</b>	
The organization has shown the description and the classification of the roads that are used for its activities and all the maintenance procedures.	
<b>Final Position: CAR complied.</b>	

### 6.3.5 New Conditionings (CAR) and Recommendations

During the assessment, it was found some factors that require corrective actions for the management developed by Cáceres Florestal.

<b>Justification/ Background:</b> It has been found that some examinations that were carried out within the Occupational Health Medical Control Program were not compatible with the activities developed by the laborers.	
<b>Minor CAR 2008-01</b>	Evaluate the Environmental Risk Prevention Program and the Occupational Health Medical Control Program and adequate the exams according to the activities developed by the laborers.
<b>Reference</b>	Principle FSC: P4.c2A.i1
<b>deadline</b>	2009 Assessment

<b>Justification/ Background:</b> The organization has elaborated a fauna and flora characterization; however, it is still required to evaluate the results that had been obtained and apply them in the company 's management.	
<b>Minor CAR 2008-02</b>	Evaluate the results that had been obtained on fauna and flora surveys, the occurrence of indicating species that can demonstrate the influences of the management developed by the company and elaborate a monitoring plan. List the endemic, rare or endangered species that occur at the FMU.
<b>Reference</b>	Principle FSC: P6c1i4; P6.c2.i2
<b>Deadline</b>	April 2010

### Recommendations

<b>Justification/ Evidence:</b> First aid trainings are provided to all employees without a leader for the work front.	
<b>REC 2008-01</b>	Select at the first aid trainings leaders that can be submitted to recycling courses.
<b>Reference</b>	Principle FSC: P4.c2D.i2

## 6.4. 2009 Annual Audit

### 6.4.1. Assessment Dates

Field Assessment Certification	From April 25 to 20, 2005
First Audit	From August 1 to 3, 2006
Second Audit	From September 17 to 18, 2007
Third Audit	From September 22 to 24, 2009
Fourth Audit	May 27 to 29, 2009

### 6.4.2. Auditor

**Rossynara Marques** is a forest engineer graduated by Instituto de Tecnologia da Amazônia and she has post-graduation in environmental technology by Universidade Federal do Amazonas –UFAM. She has great experience in forest management activities in the Brazilian Amazon and in the management and follow-up of projects developed in partnership with timber companies and the community. She worked for five years as coordinator of an IBAMA project, and her role was to articulate in different spheres fomentation for forest managements in the Amazon region, and the implantation of Training Centers. She has in-depth knowledge in communitarian forest management that have been developed in Central and Latin America. She has participated since 2000 of a Working Group that have been following and contributing with public politics proposals. She has experience in forest certification sector, and she has worked for IMAFLORA (Brazil) and Centro de Investigación y Manejo de Recursos Naturales Renováveis – CIMAR (Bolivia). For the social area, she has implanted and is responsible for the development of a communitarian forest management plan in a Conservation Unit in Pará state, supporting and rendering qualification, adequate exploitation techniques that cause low impacts in the communities, safety at work and communitarian management. She is now the main adviser of Instituto de Desenvolvimento de Florestas do Estado do Pará- IDEFLOR, and her main role is to elaborate and implant a monitoring system of the areas that are in process of forest concession in Pará state.

### 6.4.3. The Assessment Process

Cáceres Florestal S/A forest management annual assessment began on May 27, 2009. There was an opening meeting that was arranged to explain the FSC Principles that would be evaluated. The auditor visited Fazenda Teca and Sítio Castiçal do Jauru, where it was verified the general conservation of roads and Permanent Preservation Areas. The procedures that had been adopted for loading residues and use of individual protection equipments were verified. The company's employees were also interviewed.

On May 28, the auditor moved to Fazenda Paragatuba. During the trip, it was verified the maintenance and the conditions of roads, control of erosion, the general conservation integrity and protection status of the preservation areas. The auditor interviewed the company's employees and the general working conditions were verified, such as hygiene, food, availability of water, etc. On this same day, the auditor verified the monitoring that had been adopted by the company for protection and maintenance of its FMUs, the management activities and its environmental and social impacts; and the procedures that had been adopted for protection and monitoring of fauna. The conformance with the CARs that had been raised on the previous assessment was also verified on the same day. A Chain of Custody assessment was conducted at the company's industrial facility in the afternoon.

A meeting was arranged on the twenty-ninth to discuss the areas that had been assigned as High Conservation Value and close the assessment process. Cáceres Florestal technical staff and

board of directors took part of this closing meeting, where the new CARs that had been raised were introduced, according to the issues that were observed during the assessment.

#### 6.4.4. Status of Corrective Actions Requests – CARs and Recommendations

<b>Minor CAR 2005-02</b>	<b>Reference:</b> FSC P6.c4
Elaborate a map of the Conservation Areas, conservation status of the FMUs phyto physiognomies, whose deadline is the second annual assessment. The legend that will be employed was introduced on the first annual assessment.	
<b>Company´s Actions/ Auditor´s Observations</b>	
Even though the deadline was not due, there was difficulty to begin this work with UNEMAT/Cáceres and no proposal about the mapping that it is intended to do was shown. The auditor expects that the company complies with this requirement up to the next assessment. The company revealed in 2007 that it had found it difficult to obtain partnership to develop this work. In 2008, the company showed the results about the status of the phyto physiognomies conservation; however, the mapping had not been concluded. In the 2009 assessment, the company introduced the quantitative of the areas that had been reintegrated to the total Permanent Preservation Areas of each FMU; the company also showed the chronogram (until 2014) of recovery of the other areas which are currently occupied by Teca plantation and that, in the next years, will be object of harvest and further integration to the company´s FMU Permanent Preservation total Area	
<b>Situation at the End of the Assessment</b>	
<b>CAR complied</b>	
<b>Minor CAR 2008-01</b>	<b>Reference</b> FSC: P4.c2A.i1
Evaluate the Environmental Risk Prevention Program and the Occupational Health Medical Control Program and adequate these exams to the activities developed by the workers.	
<b>Company´s Actions/ Auditor´s Observations</b>	
The company introduced in the 2009 assessment the Environmental Risk Prevention Program and the Occupational Health and Medical Control Program according to what the legislation determines for their elaboration and procedures, which indicates that the CAR is complied.	
<b>Situation at the End of the Assessment</b>	
<b>CAR complied</b>	
<b>Minor CAR 2008-02</b>	<b>Reference</b> FSC: P6c1i4; P6.c2.i2
Evaluate the results that had been obtained on fauna and flora surveys if there are indicating species that could demonstrate the influence of the management developed by the company; elaborate a monitoring plan, list endemic, rare or threaten species in the FMU.	
<b>Company´s Actions/ Auditor´s Observations</b>	
The company introduced in the 2009 assessment a bid proposal to give continuity to the fauna study research project developed in partnership between the company and UNEMAT. The company reported that the values that have been proposed are above the foreseen bid, which will implicate that it will be required to give priority and adjust the study activities. As preliminary results of the project that is under development, there is a fauna study on Fazenda Paragatuba, with identification of Herpetofauna, Ornitofauna and Mastofauna.	
<b>Situation at the End of the Assessment</b>	
<b>CAR under development and whose deadline is not due</b> (April 2010)	
<b>CAR whose deadline is not due</b> (deadline: 2010 assessment)	

### 6.4.5. New Conditionings (CAR) and Recommendations

It was found during the assessment some issues that require corrective actions for the management developed by Cáceres Florestal

<b>Non-Conformity:</b> The company has defined Fazenda Paragatuba Legal Reserves and Permanent Preservation areas as High Conservation Value Forests due to their general attributes for fauna, flora and water resources conservation in the region. However, the organization has been developing fauna and flora surveys that can identify even more specific attributes that will be preserved.	
<b>Minor CAR 2009-01</b>	After the finalization of fauna and flora surveys and evaluation of the results, the organization shall verify the existence of new attributes to be preserved at the company's preservation areas (Both Legal Reserves and Permanent Preservation Areas), following the stages: <ul style="list-style-type: none"> <li>- Evaluate the fauna and flora surveys results;</li> <li>- Conduct a Stakeholder Consultation;</li> <li>- If new attributes are eventually assigned, define a system to monitor them.</li> </ul>
<b>Reference</b>	FSC Principle P6.c4.i1.; P9.c1.i1; P9.c2.i1;
<b>Deadline</b>	2010 Assessment

<b>Non-Conformity:</b> The company does not have written description of the procedures to protect the FMUs and to monitor hunting and fishing.	
<b>Minor CAR 2009-02</b>	Introduce written description of the procedures that had been adopted for protection of the FMUs and to monitor hunting and fishing.
<b>Reference</b>	FSC Principle P1.c5.i1. P1.c6.i2; P6.c2.i7.
<b>Deadline</b>	2010 Assessment

<b>Non-Conformity:</b> The company does not have written description of Chain of Custody procedures for its forests.	
<b>Minor CAR ) 2009-03</b>	Introduce written description of the Chain of Custody procedures that had been adopted by the company.
<b>Reference</b>	FSC Principle P8.c3.i2.
<b>Deadline</b>	2010 Assessment

<b>Non-Conformity:</b> Taking into account the transit of personnel outside the company on Fazenda Paragatuba Norte road, and because it crosses one part of the legal reserve area, this road shall be signalized, as a protective measurement for the FMU.	
<b>Minor CAR 2009-04</b>	Provide very visible warning signs indicating that it is forbidden to hunt and fish and identification of property on Fazenda Paragatuba Norte road.
<b>Reference</b>	FSC Principle P1.c5.i1. P1.c6.i2; P6.c2.i7.
<b>Deadline</b>	2010 Assessment

<b>Non-Conformity:</b> The local society must be informed about the management activities developed by the company, mainly on how important it is for the socio economical development of the region.	
<b>Minor CAR 2009-05</b>	Create a strategy to make the activities developed by the company public in the local society. Develop mechanisms to open dialogues between the company and the local society and document comments and communication that have been received.
<b>Reference</b>	FSC Principle P4.c4.i2. P6.c2.i8. P7.c4.i3.
<b>Deadline</b>	2010 Assessment

## Recommendations

<b>Background/ Justification:</b> The company has defined Fazenda Paraguatatuba 's Legal Reserve and Permanent Preservation Areas as High Conservation Value Forests due to its general fauna, flora and water resource preservation attributes. The fauna and flora surveys are still not systematized in a manner that they can specify better the high conservation value attributes.	
<b>REC 2009-01</b>	Systematize the information generated by the fauna and flora surveys in order to specify better the high conservation value attributes.
<b>Reference</b>	P9.c1.i1

<b>Background/ Justification:</b> Based on the suggestions that have been gathered in the initial Stakeholder Consultation, the company has defined Fazenda Paraguatatuba 's Legal Reserve and Permanent Preservation Areas as High Conservation Value Forests due to the richness of its fauna, flora and water resources. However, it is required more detailed information to specify the conservation attributes and definition of more effective monitoring manners.	
<b>REC 2009-02</b>	Conduct a new Stakeholder Consultation in order to specify better the High Conservation Values Attributes for conservation in HCVF.
<b>Reference</b>	P9.c2.i1

## 7. SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES

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

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (CoC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)). The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An "**appeal**" is a request by a certificate holder or a certification applicant for formal reconsideration of any adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against any adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant

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

Written complaints and appeals should be submitted to:

Dr. Robert J. Hrubes  
Senior Vice-President  
Scientific Certification Systems  
2200 Powell Street, Suite 725  
Emeryville, California, USA94608  
Email: [rhrubes@scscertified.com](mailto:rhrubes@scscertified.com)

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