

FOREST MANAGEMENT CERTIFICATION REPORT

Public Summary Information

Project Nr.:	7425-BR		
Client:	CAF Santa Bárbara Ltda		
WebPage:	www.caf.ind.br		
Address:	Av. Carandaí, 1.115 8º andar Bairro Funcionários – Belo Horizonte - Minas Gerais CEP 30.130-915		
Country:	Brazil		
Certificate Nr.	SGS-FM/COC-1943	Certificate Type:	Forest Management (FM/COC)
Date of Issue	10 December 2004	Date of expiry:	09 December 2009
Assessment date:	02- 09 February 2004		
Scope:	Management of <i>Eucalyptus spp</i> plantations and conservation areas in Minas Gerais and Bahia, for production and sale of round wood, and <i>Eucalyptus</i> seeds and seedlings.		
Area:	Area of 122.823,62 ha, including <i>Eucalyptus</i> plantation and conservation areas in Minas Gerais and Bahia, Brazil.		
	Region	Total area (ha)	Planted area (ha)
	RBA	13.528,83	8.844,32
	RCO	34.518,17	24.221,32
	RNO	41.390,00	26.471,00
	RRD	33.386,62	21.337,89
	TOTAL	122.823,62	80.874,53
Land Tenure:	Private		
Latitude/Longitude	Region (representative point)	Latitude	Longitude
	RBA	17°18'00"	39°31'00"
	RCO	19°21'00"	45°18'00"
	RNO	17°40'00"	43°05'00"
	RRD	19°51'00"	42°40'00"
Biome:	Tropical		
Forest type:	Plantation		
Forest composition:	Broad-leaved		
Species composition:	<i>Eucalyptus sp.</i>		

Plantation Species	Exotic		
Annual production:	777.000 m ³ /year	Annual Allowable Cut	777.000 m ³ /year
Forest products:	Round wood for different uses (charcoal, sawntimber, stakes), seeds and seedlings of <i>Eucalyptus</i> .		

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SECTION I - PUBLIC SUMMARY REPORT

1. INTRODUCTION AND SCOPE

This report presents the results of an assessment of “CAF Santa Bárbara Ltda” forest management operations in *Eucalyptus* plantations in Minas Gerais e Bahia, Brazil, carried out by SGS QUALIFOR during the period 2 to 9 February, 2004.

The purpose of the assessment was to evaluate the operations against the requirements of the QUALIFOR Programme, the SGS Group’s forest certification programme accredited by Forest Stewardship Council.

The Assessment covered all forest management operations on the following forest areas:

Table 1: General information about the areas included in the scope of certification

Region	Coordinates	Planted area (ha)	Conservation area (ha)* RL + APP	Other uses (ha)	Annual average production (m³)	Total Area (ha)
RBA	17°18'00"/ 39°31'00"	8.844,32	3.866,34	818,17	207.000	13.528,83
RCO	19°21'00"/ 45°18'00"	24.221,32	7.607,76	2.689,09	225.000	34.518,17
RNO	17°40'00"/ 43°05'00"	26.471,00	10.419,49	4.499,51	133.000	41.390,00
RRD	19°51'00"/ 42°40'00"	21.337,89	8.501,14	3.547,59	212.000	33.386,62
Total		80.874,53	32.906,79	11.554,36	777.000	122.823,62

*Natural vegetation in the Legal Reserves (RL) and permanent preservation areas (APP), in conformity with Brazilian Forest Code.

The total area in Table 1 is property of Companhia Siderúrgica Belgo Mineira.

The certification scope is the management of 122.823,62 ha of *Eucalyptus* plantations and conservation areas in Minas Gerais and Bahia, for production and sale of round wood, seeds and seedlings of *Eucalyptus sp.*

2. COMPANY BACKGROUND

The land which constitutes the CAF Forest Management Unit belongs to Cia. Belgo Mineira Siderurgy, from Arcelor Group. The properties are used/managed by CAF, under a regime of “comodato” (formal concession) for an undetermined time.

The areas of the forest management unit (FMU) evaluated are in 4 regions: Regional Bahia, (RBA), with head office in Teixeira de Freitas (BA) and the following regions in Minas Gerais state: Regional Rio Doce, head office in Coronel Feliciano (MG), Centro-oeste (RCO), head-office in Martinho Campos and North (RNO), located in Carbonita.

Each region is subdivided in Basic Management Units(BMU's). Table 2 presents general information regarding the distribution of the areas included in the certification scope.

Table 2: Basic Management Unit and each regional and Municipality

Regional	Farm/BMU	Municipality	Total area (ha)
RBA	Palhal	Prado – BA	13.528,83
	Contra Erva	Alcobaça – BA	
	Três Rios	Caravelas – BA	
RCO	Ibitira	Martinho Campos – MG	34.518,17
	Garça	Bom Despacho – MG	
	Gerais	Quartel Geral – MG	
	Quartel Geral	Quartel Geral – MG	
	Martinho Campos	Martinho Campos – MG	
	Extrema	Bom Despacho – MG	
	Abaeté	Abaeté – MG	
RNO	Forquilha	Carbonita/Sen. Modestino –MG	41.562,00
	Diamante	Carbonita - MG	
	Estiva	Carbonita - MG	
	Tico	Sen. Modestino/Diamantina - MG	
RRD	Mumbaça	Dionísio – MG	33.386,62
	Santa Cruz	Dionísio/Marliéria - MG	
	Requerente	Dionísio/S.José Goiabal _ MG	
	Cachoeira Dantas	S.José do Goiabal - MG	
	S. Pedro dos Ferros	S. Pedro dos Ferros - MG	

CAF total production of round wood in year 2003 was 777.000m³.

In addition to the previous mentioned areas, CAF is responsible for the management of nine forest properties, located in the state of Minas Gerais, which are not included in the certification scope, as per they are for sale. Some of them still have harvesting under the responsibility of CAF. Total area of these properties is 28.012,14 ha: 18.914,14 ha of forest, 5.561,04 ha of Legal Reserve and 1.564 ha of permanent preservation area.

Each one of the 4 regions is administrated by a regional committee, comprising a Forest and an Administrative Manager. Each region is subordinated to the CAF central office, located in Belo Horizonte.

Between 1997 and 1998, CAF has contracted majority of its operations. Nowadays, technical, management and supervising positions are performed by full-employees and on-site operations are performed by third-parties or contractors. At the moment, full-employees number is 288 and 4060 hired as third party (contractors).

Currently, the main part of the wood production is for charcoal to steel/pig iron industry that supplies Cia. Belgo Mineira. Other part of the production is designed for “processed wood”, using the vacuum-pressure process, and for production of sawntimber.

3. FOREST MANAGEMENT SYSTEM

3.1 Bio-physical setting

Forest Management Unit is distributed over 4 different geographic regions, internally named as: Região do Rio Doce (RRD), Região Centro-Oeste(RCO) , Região Norte(RNO) and Região Bahia (RBA). The main bio-physical characteristics of each region are described as follow:

Table 3: General Characteristics of the CAF forest management unit under evaluation. (source: CAF Management Plan, 2004)

Regional	Soil	Relevo	Annual Rainfall Average	Annual Temperature Average	Altitude	Natural vegetation
RBA	Yellow Latosol álíco e and Yellow Podzólico distrófico	Soft ondulate	1.190 mm	26,1° C	114 m	Rain Forest (Mata Atlântica)
RCO	Red Latosol	Plane ondulado	1.411 mm	21,7° C	720	Savanah (cerrado)
RNO	Red-yellow latosol	Plane elevated	1.050 mm	21,6° C	726 m	Savanah (cerrado)
RRD	Red-yellow latosol	Ondulate	1.500 mm	20,2° C	450 m	Rain Forest (Mata Atlântica)

Note: management plan brings more details concerning the bio-physical medium of each region.

3.2 History of use

The creation of CAF Santa Barbara Ltda is associated to the history of Cia. Belgo Mineira. During 1939, Belgo commenced with the first experience on reforestation in Santa Barbara, Minas Gerais. In 1941, the first plantations of *Eucalyptus* were established in João Montevale, Minas Gerais. Due to these successful experiences, Cia. Siderurgica Belgo Mineira created the Department of Land, Forest and Charcoal and in 1953 the first long term forest plan of the organization was implemented, aimed at the supply chain for João Montevale mill. CAF was started up in 1957, with the objective of producing charcoal for industrial supply.

From 1972 to 1979, *Eucalyptus* planted areas of the organization grew from Rio Doce Region to Martinho Campo (MG), Carbonita (MG) and Teixeira de Freitas (BA), due to resources from legal incentives. All the projects were previously verified and approved by the older IBDF – Brazilian Institute for Forest Development, today's IBAMA – Brazilian Institute for Environment and Renewable Natural Resources. After the end of the government incentives (1989 and on), CAF has supported the plantation projects with its own resources.

During 1995, they started to use the plantations for multiple uses and the *Eucalyptus* has been processed for its final purpose: processed wood, sawntimber or charcoal.

In 2002, CAF was integrated into the Group Arcelor, one of the largest worldwide steel industry groups.

3.3 Planning process

The CAF Forest Management Planning is structured through the definition of guidelines and objectives. There is a long term strategic plan (up to 2020), a tactical plan (up to 2008) and detailed annual plans, which covers all the forest operations. Starting from the

guidelines determined by directors and managers, objectives and goals are defined for each region.

3.4 Harvest and regeneration

The management of *Eucalyptus* plantations follows the activities described below (according to CAF Santa Barbara Forest Management Plan, 2004):

Seedlings/Cuttings production

CAF has two forest nurseries, located in RRD and RCO, able to produce 20 million seedlings/cuttings per year. The organization made several tests to determine the best species/province and progenies and clones for each region and the best use for the wood. The species more commonly planted are hybrids of *Eucalyptus grandis* and *E. urophylla*. Seedling production of *Eucalyptus* is achieved through vegetative propagation

Planting

Planting is carried out in recovery areas where *Eucalyptus* plantation is replaced, normally, at the end of two cutting cycles (12 years). The operation includes planning, soil sampling, harvesting-ant control, soil preparation, planting and irrigation, fertilizing, survival rate survey and replanting.

1. *Planning* includes: acquiring of the required license, contract for services, definition of implementation program (planting objectives and targets), definition of projects location, choice of genetic material (clone) to be used and number of seedlings to be planted, besides macro and micro socio-environmental and operational planning.
2. *Soil sampling* is realized in sites to be planted, in order to guide the actions for soil management and fertilizer recommendations.
3. Harvesting-ant *control* is realized in order to control the infestation of ants, avoiding the occurrence of damage in the planted seedlings. The company monitors the level of ant infestation, location and demand for chemical control. The pesticide use is granulated bites (sulfluramida)
4. *Soil preparation* includes weed removal, cutting of *Eucalyptus* reminiscent stump, furrowing (60 cm depth) and application of phosphate fertilizer.
5. *Planting*: Depending on the management objective, the *Eucalyptus* species or clones are chosen for each site and CAF defines the number of seedlings or cuttings planted/hectare. Hole opening can be manual or mechanized, depending on soil and topography conditions. Planting is manual. The planting operation is executed throughout the year, using irrigation during the dry seasons. An absorbent (gel) polymer is being used to optimise the use of water (reduces consumption by almost 5 times when compared with traditional irrigation).
6. *Fertilizing*: recommendation and dose is done after soil analysis.
7. *Mortality rates are determined through* sampling, after 30, 60 and 90 days of planting.
8. *Replanting*: The same species originally planted is used on the site, and the same prescriptions for the planting are followed. Date of replanting is defined according to favourable weather conditions.

Maintenance

Maintenance operations include grubbing, fence conservation, construction and maintenance of firebreaks, chemical control of weeds, recoppicing (if applicable), fertilizer applications such as calcareous, bore and potassium chloride.

Stands managed for the production of sawn timber are pruned and thinned. .

Chemical weeding by herbicide application is performed after periodical monitoring of weed infestation. Accordingly to the identified weed competition species, herbicide is selected and bought via an agronomic prescription issued by a qualified technician.

Reception, storage, use and disposal of herbicide packaging follow defined procedures. Before the use of herbicides, a test is done in the area to be treated to calibrate the dosage and outflow. Application can be manual or mechanical.

Harvest and transportation

Harvest activities are planned according to the management plan and annual supply programs. Operation includes: cutting, debranching, transfer, dry (in field conditions), classification (in some cases) and transportation to the industrial unit.

Before any operation, a formal harvesting request is prepared and registered at IBAMA/IEF (Federal or State Environmental/Forest and Environmental Agency). The agencies are responsible for approval of the request.

Harvest for charcoal production is conducted in a 6-year cycle. For sawn timber, the cycle is 12 years, and for logs for the production of poles, 6 years.

Pruning and debranching is done with the assistance of a chainsaw.

The transportation from the stands to the road or loaders is done by animal hauling or tractors. The loading and unloading are manual or mechanical. . In case of logs for sawing, a mechanical load/unload self-loader tractor is used.

Tractors or trucks are used for the transportation of logs from the field to the charcoal production units. The harvesting plan presents technical recommendation for planning and conservation of the roads.

3.5 Monitoring processes

CAF Santa Barbara activities are inspected by IEF – Instituto Estadual de Floresta (State forest agency) which is responsible for monitoring the accomplishment of forest/environmental legislation in forest management unit in Minas Gerais and CRA – Centro de Recursos Ambientais, environmental agency of Bahia state.

Internally, CAF detains a supervising and monitoring system for its activities, which includes the operational, environmental and social aspects. Through indicators and management tools each region verifies its own performance. The general performance of the 4 regions is analysed and quoted in order to provide information for CAF decision-making process.

4. SOCIO-ECONOMIC AND ENVIRONMENTAL CONTEXT

4.1 Social aspects

The UFM socio-economic characteristics are detailed in the CAF Forest Management Plan, prepared for each administrative regional unit (Attachment IX). Due to the diversity of the 4 regions, the main aspects of each one are described as follows:

RBA: the influence area of Bahia Forest Management Unit includes the districts of the micro region named Porto Seguro (IBGE). According to the census of 1996, 72,2% of the agricultural areas of this region are occupied by pasture. Among the productive activities are the sugar cane, fruits and cassava plantations, cattle ranching, extractive activities and forestry (mainly eucalypt plantations to supply cellulose mills).

RCO: the main activity is cattle-raising and agriculture (coffee, fruits and subsistence products), in addition to forestry. In the industrial sector, the main important activities are steel, furniture and animal feed industries.

RNO: Jequitinhonha Valley is mainly an agricultural region, where the lowest social development levels of Minas Gerais are present. CAF forest management unit is spread through 3 districts: Carbonita, Senador Nordestino Gonçalves and Diamantina. Main influence from the CAF activities is found in the district of Carbonita. In this district, main economical activities are forestry, agriculture (garlic, peanuts, corn, cassava, sugarcane) and cattle raising. Due to the information presented in CAF Forest Management Plan, approximately 40 % of the existing jobs are directly or indirectly related to the forest activity.

RRD: CAF areas are located mainly in the district of Dionísio. Important economical activities of the district are forestry for charcoal production, agriculture and cattle ranching. Among the most important products are peanuts, sugarcane, coffee and bananas. Among the social problems are the limited employment opportunities and lack of resources (as technical assistance, fertilizer and other insumes) for small farmers.

As documented by FUNAI (Fundação Nacional do Índio), there are no indigenous and/or traditional communities in the limits or neighbourhoods of the forest management unit, and there is no demand or relation between the forest management performed by CAF and these communities.

Table 4: General information about areas where CAF FMU is based (Source: Plano de Manejo CAF, 2004)

Region	Municipality	Population (n°)	Area occupied by CAF in each municipality	
			ha	%
RBA	Prado	22.632	6.151,25	3,69
	Alcobaça	15.410	9.033,65	6,12
	Caravelas	19.763	3.368,93	1,41
RCO	Martinho Campos	11.817	12.056	11,34
	Bom Despacho	39.919	11.220	9,25
	Quartel Geral	3.017	4.262	7,82
	Abaeté	22.231	4.290	2,35
	Dores do Indaiá	14.381	2.334	2,1
RNO	Carbonita	8.928	29.131	19,9
	Sen. Modestino	5.183	11.726	12,3
	Diamantina	43.305	533	0,1
RRD	Dionísio	10.191	18.310	53,0
	Marliéria	4.044	1.014	1,8
	S. José do Goiabal	6.009	5.238	28,1

	S. Pedro dos Ferros	9.923	8.822	22,0
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4.2 Environmental aspects

The government agencies responsible for the environmental conservation and licensing in Minas Gerais and Bahia States are, at federal level, IBAMA (Instituto Brasileiro do Meio Ambiente) and, at Minas Gerais state level, FEAM (Fundação Estadual do Meio Ambiente), COPAM (Conselho de Política Ambiental) and IEF (Instituto Estadual de Florestas), and in Bahia, CRA (Centro de Recursos Ambientais). There are many environmental NGOs that are active in the region, especially in Mata Atlântica region.

Environmental characterization of 4 regions is detailed in the Forest Management Plan (Attachment IX). Some general information about the main environmental problems and conservation initiatives in each one of the CAF areas are given below:

RBA: this region includes the Rain Forest (Floresta Ombrófila Densa/Mata Atlântica) taken as Biosphere patrimony. This vegetation has been suffering from centuries of the anthropic pressure and is highly fragmented and degraded.

There are conservation initiatives, like the legal conservation units in South of Bahia and projects coordinated by local organizations supported by international agencies to create new conservation units and natural vegetation corridors. Beyond the direct destruction of forests and land-use conversion, which leads to the extinction of several species, it is common to find in the region illegal hunting and traffic of local fauna (small mammalian and birds). Local NGOs participate in actions against *Eucalyptus* plantations of many companies established in the region (especially in Bahia and Espírito Santo states).

RCO: Pasture and crops have replaced the natural vegetation areas that predominated in the region over decades of land occupation. The remaining areas lie along the water-courses, with the legal preservation limits not being obeyed by most of the farmers. Local fauna has suffered, due to human interference through hunting or habitat destruction. Another common problem is the soils that are very susceptible to erosion. The region is also considered high-value for conservation, due to the Cerrado (savannah), which maintains rare and threatened species from Minas Gerais State.

RNO: Located in Jequitinhonha River Basin region, the region is characterized by periodical water deficits. The natural vegetation (Cerrado) and its predominant typologies (savannas, fields and seasonal semi-deciduous forests) are the typical vegetation, which is threatened by conversion of the soil for other uses, fire and illegal deforestation. Cattle-ranching, developed mainly in the middle section of the basin, after the removal of natural vegetation and the use of burning to settle the pastures, weakened the vegetation cover, affecting the hydrological systems negatively.

Concerning sanitation, problems arise from little effluent treatment, allowing untreated sewerage to be drained into water courses.

Mineral extraction, often preformed without conforming to legal and environmental prescriptions, is one of the pollution sources of the rivers. Diamond extraction eliminates riparian vegetation, exposing riverbanks to erosion.

There are the following conservation units in the region: Biological Reserve of Mata dos Ausentes, located in the district of Senador Modestino Gonçalves, with an area of 300 ha; Biological Reserve of Mata de Acauã, located in the districts of Turmalina e Minas Novas, with 5000 ha and State Park of Rio Preto, with an area of 11000 ha, located in the district of São Gonçalo do Rio Preto. Other units are State Park Serra Negra (Itamarandiba) and State Park Biribiri (Diamantina).

RRD: Water basin of Rio Doce includes about 222 districts, mainly (86%) in the State of Minas Gerais. Native vegetation consists in Rain Forest (Mata Atlântica). The occupation of the region commenced with wood extraction and gold mining. From 1930 and thereafter, due to the exploitation activities and the poor use of the soil, there was rapid degradation of the region. Among the main problems are illegal deforestation of the last reminiscent Atlantic Forest of the region, sewerage, urban residues and industrial effluents directly disposed into water streams which constitutes the basin, and the poor use of the soil, leading to erosion of the riverbanks.

There are two important conservation units in the region: State Park of Rio Doce and Biologic Station of Caratinga. As the State Park of Rio Doce is in the neighbourhood of CAF, there is an area of 1430 ha inside the Forest Management Unit considered as a buffer zone of the Park, which requires additional care during operations and surveillance. Additionally, the district of Dionisio has an Environmental Protection Area, with 22000 ha, being 17000ha located inside the area of CAF.

The Project Conservation and Management of Natural Resources of Atlantic Forest of Minas Gerais (Project Doces Matas) is also developed in the region, as a result of bilateral technical cooperation between Brazil and Germany, associated to the Pilot Program for Tropical Forests (PPG7).

4.3 Regulations

- Código Florestal
- Lei Florestal do Estado de Minas Gerais
- Lei de Crimes Ambientais
- Lei de Agrotóxicos
- Normas regulamentadoras do trabalho
- Legislação trabalhista

5. LOCAL STANDARDS AND KEY LEGISLATION

Version 8.0 of the Brazilian standards for forest plantation certification, developed by FSC is in its final phase for approval by FSC International. These well-developed draft standards were used in the Main Assessment, incorporated to the Qualifor Programme Checklist.

6. THE ASSESSMENT

6.1 Schedule

Assessment was preceded by a pre-assessment by SGS QUALIFOR during May 2003, which examined the management systems and identified any gaps that might preclude certification. Information gathered was used to plan the main assessment. Key stakeholders were identified.

The main assessment was carried out from 02 to 09 February 2004. A detailed itinerary is shown in Appendix I of the full report.

6.2 Team

Lead Assessor and team leader: forest engineer, Doctor in Forest Science, 12 years of experience in environmental and forest management and 6 years of experience in forest certification audits in Brazil.

Lead Assesor: forest engineer, Doctoral student in Soil Management, with 15 years of professional experience in Brazil and 3 years of experience in forest certification audits.

Local specialist: has a qualification in Forestry (Doctor), 9 years experience nationally, and currently works as a socio–environmental consultant for governmental and non-governmental organizations and bilateral agencies in projects related to communities and environment.

Local specialist: has a qualification in Forestry and is Master in Business Administration (Corporate finances), with 18 years experience in the Brazilian forest sector, SGS Qualifor assessor trainee.

Local specialist: forest engineer, Doctor in Forest Science, 10 years of experience in Brazil and Minas Gerais; researcher and university professor in Forest management and environmental economy.

Curricula vitae are provided in Appendix III of the full report.

6.3 Peer Reviewers

Three independent specialists were selected to review this report.

Peer Reviewer 1: has a qualification in Forestry, Master of Science in Forest Science, 15 years experience; currently works as a consultant for governmental and non-governmental organizations in projects related to forest management, small farmers, communities and environment.

Peer Reviewer 2: agronomist, Master of Science (New York State University College of Forestry at Syracuse University), Doctor in Forestry (ESALQ/USP) and Pos-Doctor in Forestry (University of Oxford, Oxford Forestry Institute). More than 40 years experience in Latin America and Brasil, currently works in a Brazilian research institute (EMBRAPA-Empresa Brasileira de Pesquisa Agropecuária).

Peer Reviewer 3: agronomist, Doctor in Soil Science, 20 years experience nationally in Soil Conservation and Management, and currently works as researcher and university professor.

6.4 Process

The Main Assessment was conducted in the steps outlined below.

6.5 Preparation

During preparation for the assessment, a survey was carried out on the regulations applicable to forest management and on additional information on Eucalyptus management in Minas Gerais and Bahia.

A checklist was prepared by adapting the QUALIFOR generic forest management checklist, including the Brazilian FSC Standards for Plantations.

6.6 Stakeholder notification

A wide range of stakeholders was contacted to inform them of the planned assessment and asked for their views on relevant forest management issues. These included FSC Brazil, environmental interest groups, local government agencies and forestry authorities, forest user groups, and workers' unions (this information is provided in an annexure of the full report).

6.7 Opening meeting

An opening meeting was held at CAF regional offices (RRD and RCO). The scope of the assessment was explained and schedules were determined (see Appendix II of full report for attendance sheets).

6.8 Document review

A review of the main forest management documentation was conducted to evaluate the adequacy of coverage of the QUALIFOR Programme requirements. This involved examination of policies, management plans, systems, procedures, instructions and controls.

6.9 Field assessments

Field assessments aimed to determine how closely activities in the field complied with documented management systems and QUALIFOR Programme requirements. Interviews with staff, operators and contractors were conducted to determine their familiarity with and their application of policies, procedures and practices that are relevant to their activities. A carefully selected sample of sites was visited to evaluate whether practices met the required performance levels.

6.10 Stakeholder interviews

Meetings or telephone interviews were held with stakeholders as determined by the responses to notification letters. These aimed to clarify any issues raised and the company's responses to them. Additionally, public meetings were carried out in Dionísio and Martinho Campos (on 3th February/2004) and Alcobaça and Carbonita (on 5th February/2004). This information is provided in an annexure to the full report.

6.11 Summing up and closing meeting

At the conclusion of the field assessment, findings were presented to company management at a closing meeting. Any areas of non-conformance with the QUALIFOR Programme were raised as one of two types of Corrective Action Request (CAR):

Major CARs - which must be addressed and re-assessed before certification can proceed

Minor CARs - which do not preclude certification, but must be addressed within an agreed time frame, and will be checked at the first surveillance visit

6.12 Sampling

Field sampling followed the instructions in the Qualifor document WI 05 (Work Instruction 05, Sampling and Itineraries). The following criteria were applied: to select places not visited during pre-assessment, to cover different on-going forest operations, to cover

stands at different stages, to visit owned and leased areas, to visit different geographic regions. The audit team visited 13 properties (from a total of 19), covering the 4 regions.

The following forest areas were visited during the main assessment and CAR's closing out visit (refer also appendix Record of site visits and itinerary):

Site Name	Description	On-going	Completed	Other
Regional Office - Dionísio (RRD)	Document review, meetings			X
Chemical pesticides and fertilizers deposit (Ponte Alta, RRD)	Storage and chemicals controls			X
Nursery (RRD)	Storage and chemicals controls			X
	Facilities: office, canteen, and bathroom used for workers			X
	Seedlings production	X		
Baixa Verde, RRD	Permanent preservation areas			X
UGB Requerente, RRD	Charcoal production unit	X		
	Chain of custody controls	X		
	Facilities: canteen, and bathroom used for workers in field			X
UGB Requerente, lote 988-D (RRD)	Harvest	X		
	Facilities: canteen, and bathroom used for workers			X
UGB Mumbaça 122/2003 (RRD)	Herbicide application	X		
	Workers' transportation			X
	Facilities: canteen, and bathroom used for workers in field			X
	<u>Eucalyptus</u> stand (5 months age)		X	
UGB Mumbaça 69/2004 (RRD)	Permanent preservation areas, natural lakes			X
	Cut of <u>Eucalyptus</u> stumps	X		
UGB Mumbaça 119/2003 (RRD)	Use of fire in soil preparation		X	
	Re-planting area under environmental planning		X	
Regional Office - RBA (Teixeira de Freitas)	Document review, meetings			X
UGB Três Rios (RBA)	Charcoal production unit			
UGB Palhal (RBA)	Charcoal production unit	x		
	Storage and chemicals controls			x
	Equipment for fire fighting			x
	Formicide application in field	x		
	Herbicide application in field	x		
	Harvest	x		

Site Name	Description	On-going	Completed	Other
	Workers' transportation			X
	Facilities: canteen, and bathroom used for workers in field			X
	<i>Eucalyptus</i> stands in different ages.		X	
UGB Contra Erva (RBA)	Charcoal production unit	X		
	<i>Eucalyptus</i> stands in different ages.		X	
Regional Office - RCO (Martinho Campos)	Document review, meetings			X
UGB Quartel Geral (RCO)	Harvest	X		
	Facilities: canteen, and bathroom used for workers in field			X
	Legal reserves and permanent preservation areas			X
	Planting		X	
	Gravel mining			X
UGB Abaeté (RCO)	Charcoal production unit	X		
	Roads and fire breaks			X
UGB Garça (RCO)	Manual weeding	X		
	Facilities in field			X
	Centre for Environmental education			X
	Charcoal production unit	X		
	Support facilities in field			X
	Fuel deposit in field			X
	Restoration activities			X
	Roads and fire breaks			X
UGB Extrema (RCO)	Cut of <i>Eucalyptus</i> stumps	X		
	Facilities in field			X
	Seedlings production	X		
Regional Office - RNO (Carbonita)	Document review, meetings			X
UGB Estiva (RNO)	Planting	X		
	Fertilizing and irrigation	X		
	Formicide application in field	X		
	Legal reserves and preservation areas			X
	Facilities in field			X
	Charcoal production unit	X		
UGB Diamante (RNO)	Harvest	X		
	Legal reserves and conservation areas			X
UGB Forquilha (RNO)	Legal reserve			X

Site Name	Description	On-going	Completed	Other
	Charcoal production unit	x		
	Planting		x	
	Roads and fire breaks			x
	Post-harvesting area (waste assessment)		x	
	Field experience (use of equipment in soil preparation)		x	
	Herbicide application	x		
UGB Ticó (RNO)	Manual fertilizer (boro) application	x		
	Facilities in field			x
	Seeds production stand (<i>E. cloeziana</i>)			x
	Legal reserve			x
	Harvest	x		

Ongoing operations = sites visited where operations that were underway were inspected; Completed operations = sites visited where operations that were completed were inspected; Other sites = all other sites visited e.g. offices, health posts, visitor centres, buffer zones.

7. ASSESSMENT RESULTS

Detailed assessment findings are included in the full report. For each QUALIFOR requirement, these show the related findings, and any observations or corrective actions raised. The main issues are discussed below.

7.1 Findings related to the general QUALIFOR Programme

- **PRINCIPLE 1: Compliance with law and FSC Principles**

1.1 Respect for national and local laws and administrative requirements

CAF legal department, based in the head office, Belo Horizonte, is responsible for identifying the applicable legislation and to ensure the regional offices are updated. It is also the responsibility of the legal department to help the regional offices to interpret legal requirements and give legal support to specific needs of each region. Recently, a specialized company was hired to identify and keep the company updated concerning the applicable legislation, complementing the corporate legal assessment team.

Each regional manager has the responsibility to give the information and the necessary training to the operational team (employees and contractors), concerning the laws and regulations applicable to their activity. Through interviews, it was verified that the managers know their responsibilities.

Compliance with the applicable laws/regulations in the field (by employees and contractors) is verified by supervision, monitoring and by internal audits.

It was verified (in the document review and field visits) that the company is in compliance with the applicable legal regulations applicable to forestry activities, such as: harvesting licenses issued by IEF, chainsaw registers, environmental license (CEPRAM/Bahia) - , license in technical chamber COPAM to forest operations (issued in 10/09/1997), registers of the forest nurseries in IMA (Instituto Mineiro de Agropecuária), company registration in IEF and IBAMA, agronomic prescriptions to all pesticides used, registration of legal reserves and

protection of the permanent preservation areas, labour laws and regulation, among others.

Minor CAR 01: The Company has provided documented evidence of the measures implemented to the following pending legal issues, specifically: the case brought by the Public Prosecutor's Office for Labour Issues regarding the outsourcing of the Company's activities (raised in October 2002, the action was not concluded at time of main assessment); the details of each step for licensing the gravel pits; the certificates for water use (already requested from IGAM), and the process of the new environmental license for the FMU in Minas Gerais. These pending issues require future monitoring. It is also important to have a system, which allows CAF to follow up any pending issues in the future.

1.2 Payment of legally prescribed fees, royalties, taxes and other charges

Administrative Management is responsible for taxes and fees payments regarding each region. Some taxes are regional; others are centralized in CAF head office, in Belo Horizonte. A list of taxes and payments done by CAF was informed by the regional managers during the audit.

Evidences of taxes and fees payments were presented (ITR, FGTS, INSS, ICMS), as well as evidences of the payments made by contractors.

The budget forecasts for these payments were verified.

Government agencies, which were contacted during the stakeholder consultation, raised no questions or comments as to the Company's compliance with this criterion.

1.3 Respect for provisions of international agreements

International agreements are identified in the system, which updates applicable laws and regulations. A critical review was conducted in order to interpret and verify the applicability of these documents to the company's forest management.

1.4 Conflicts between laws and regulations, and the FSC P&C

No conflicts were verified between national and local laws and the FSC's P&C.

1.5 Protection of forests from illegal activities

There is a Property Surveillance Plan in place, which allows the checking and recording of illegal or non-authorized activities in the forest management unit. There are procedures to identify, monitor and implement specific solutions to protect the plantations and the conservation areas. There is an annual plan and a budget to forest and patrimonial protection activities.

As verified in field, there are surveillance towers, motorized patrols, communication systems, fire brigades, firebreaks and forest fire fighting equipment.

An illustrated brochure "Manual of Environmental Practices" was produced. Among several issues are themes for preventing and fighting forest fires and prohibition of hunting and fishing on the Forest Management Unit. This material was given to both employees and contractors, followed by training regarding its use. Field visits and interviews provided evidence that employees and contractors received training.

Compliance to laws and protection of the forest against illegal activities are required in the agreements signed between CAF and contractors.

Visual signs were verified at the farms with information about the prohibition of hunting and fishing in the CAF FMU. It also includes contact phone numbers, in case of any event.

A list of neighbours of the FMU was prepared as part of the Property Surveillance Plan. The company involved the neighbours in a campaign regarding the use of controlled burning and the importance of the maintaining natural resources (it was verified through evidence obtained in the stakeholder consultation and document review).

Illegal and unallowed activities are recorded and the Police notified if necessary. Records and reports of 2003 were verified. In RRD, there is a formal partnership with Environmental Policy to protect and inspect any damage of fauna and flora; in other regions, there is an informal cooperation. Representatives of Military Police of Martinho Campos, Carbonita and Dionisio confirmed this information (during interviews, in the stakeholder consultation process carried out by SGS).

There weren't any recent invasions or threats to the integrity of the forest management unit under certification process (see also principle 2).

1.6 Demonstration of a long-term commitment to the FSC P&C

CAF formalized its public commitment to the FSC P&Cs, through a document signed by the corporative President in 2nd Sep, 2003. CAF has communicated its certification process to stakeholders by newsletters, seminars and meetings.

The company invests in long term actions with the objective to improve forest management, such as research and development, personnel training, strengthening of the relations with the neighbours and local communities and projects aiming at environmental protection.

1.7 Long-term commitment to maintaining the representative samples of ecosystems (according to P6.c4), permanent preservation areas and legal reserves.

Registering process of Legal Reserve areas was concluded for the regions of RRD, RNO and RCO, according to the documents verified during the main assessment (Forest Preservation Responsibility Term, signed at IEF, maps with location of the Legal Reserve and updated real state records where the area was granted). The existence of the legal reserve areas infield as mapped was verified by sampling during the main assessment.

In RBA (Bahia), registered process is not concluded. CAF managers presented a plan of action to monitor progress, which will be monitored through *Minor CAR 01*.

Permanent preservation areas have been maintained in the forest management unit. There are areas occupied by older Eucalypt projects, for which CAF has obtained a license to harvest. The environmental planning and its directive procedures (PPO-Mo2, AO5 002, version 1 -11/09/2003 – Environmental Planning) were verified.

The forest management plan includes identification of areas with legal or environmental restrictions and actions to correct them.

Other aspects related to Legal Reserves are also reported in Principle 6.

- **PRINCIPLE 2 Tenure and use rights and responsibilities**

2.1 Demonstration of land tenure and forest use rights

Lands included in CAF Forest Management Unit are the property of Cia. Siderúrgica Belgo Mineira (both companies are part of the Arcelor Group). There is a contract (lease agreement) between Cia Belgo Mineira and CAF regarding the use of areas and forest without pre-determined time (Contrato Particular de Comodato, updated in 01/09/2003).

Copies of documents which provide evidence of the land property by Cia Belgo Mineira were verified. The company also presented a plan of action to solve administrative pending relate to the FMU in RBA.

All documents concerning the properties are registered in the 1° Register Office in Belo Horizonte, Minas Gerais.

2.2 Local communities' legal or customary tenure or use rights

During the main assessment and stakeholder consultation, no claim to anycustomary tenure of Forest Management Unit was identified.

2.3 Disputes over tenure claims and use rights

The Company has mechanisms to identify and solve disputes or claims. During assessment, it was presented records of small disputes, which are being sought within the legal system and, at first, none of these affect the integrity of the Forest Management Unit under evaluation.

There is an area excluded within the certification scope (located in RBA, Rosa do Prado Farm, with 5.025 ha), declared in 1992 as an area of social interest by Incra. This farm was invaded in 1993 by MST (Movimento dos Trabalhadores Sem Terra), when CAF was using the area for extensive cattle ranching (no Eucalyptus had been planted there). There is no direct conflict between CAF and the people living there. The process has been conducted following Brazilian legal procedures. Observation: This process should be monitored by SGS and any new fact related to it should be reported in the next surveillance visits.

2.4 Respect to the customary rights of local communities

Neither customary rights nor conflicts for disrespecting these rights were identified.

- **PRINCIPLE 3 - Indigenous peoples' rights**

3.1 Indigenous peoples' control of forest management

According to the evidence obtained in the document review, local interviews and stakeholder consultation, there were no indigenous peoples or traditional communities in the FMU or in the neighbourhoods.

To register this situation formally, CAF addressed in 19/01/2004 a request to FUNAI – Fundação Nacional do Índio, to obtain an Administrative Certificate, attesting that the FMU is not in indigenous peoples' territories. This certificate is still pending.

3.2 Maintenance of indigenous peoples' resources or tenure rights

N.a.

3.3 Protection of sites of special cultural, ecological, economic or religious significance to indigenous peoples

N.a.

3.4 Compensation of indigenous peoples for the application of their traditional knowledge

N.a.

3.5 Negative social impacts of forest management activities must be avoided and the cultural diversity of indigenous communities must be respected

N.a.

3.6 Identification and location of all indigenous peoples that claim for their customary rights on FMU

N.a.

3.7 Control of natural resources by indigenous peoples through agreements and partnerships to implement management plans in their territories

N.a.

• PRINCIPLE 4 Community relations and workers rights**4.1 Employment, training, and other services for local communities**

Company policy is to hire workers, contractors and suppliers from the local community. It was verified, by sampling in the four regions, that approximately 90% of workers live in the same region of work. Evidence was provided through the review of Personnel Records.

CAF takes part in local educational initiatives, as follows:

- Professional School in Bom Despacho (Aliança Bondespachense de Assistência e Promoção – ABAP), training course in 2003 to prepare professionals for furnishing industries.
- Partnership with SEBRAE for the program “Desenvolvimento de Empreendedores (Local Entrepreneurs Development). Present phase is the research for local demands.
- Scholarship for employees (via Fundação Félix Chomé).
- Agreement among CAF, Fundação Belgo Mineira, Programa Mineiro de Qualidade e Produtividade (PMQP), Rede Pitágoras and City hall of Carbonita (signed in 10/10/003), with the objective of hiring Fundação Pitágoras to implement and transfer the methodology of Integrate Management System (IMS) to the educational organizations in Carbonita.

- Partnership between Fundação Belgo Mineira and Federal Government in “Programa Alfabetização Solidária” (to teach adults to read and write), in which 250 students were involved in Jequitinhonha Valley.
- CAF Environmental Education Program, for students of the 6th grade from schools near to the Forest Management Unit and “Belgo Prize for Environment”, which involve students from public schools.

A project is underway to take the apiculture (beekeeping) activities carried out within the Company’s areas to neighboring communities.

4.2 Compliance with health and safety regulations

Sound healthy and safety (H&S) requirements are implemented and monitored, applicable to both employees and contractors. There is a team specialist in H&S: an engineer, a doctor and technicians.

Contractors are hired by CAF in compliance with labour laws. There are internal audits (described in Outsource System – Activity Manual – Assessments) to evaluate if the contractors are working in compliance with legal requirements and agreement conditions. These assessments include the examination of documents (employees records, payment of payroll charges, salary receipts, use of appropriate personal protective equipment, proof of medical examinations for PCMSO - Program of Medical Control and Occupational Health and on site evaluations to verify work conditions, facilities and transportation. The system classifies the vulnerability of each activity related to legal compliance and defines corrective actions to be undertaken in case of non-conformities.

Records of administrative internal audits for contractors (June up to November, 2003) and reports were verified, indicating a detailed checklist to reach the results, for each contracted company.

Compliance with the requirements of PCMSO and PPRA by the contractors was verified, as well as, by sampling, evidence of medical examinations prior admittance and dismissal, and regular examinations of field workers.

With the exception of RRD, in regional RCO, RNO and RBA there were no workers living or lodging on the Forest Management Unit.

Suitable facilities in the field were verified (verified in BMU Garça , plot 742; BMU Diamante, plot 323, BMU Forquilha, plot 527). In the shelters used by the workers in field there are tables and benches, drinking water and water for hygiene purposes and first aid kits. In BMU Extrema, a separate unit for machine maintenance was also verified, as well as a third one, demarcated and appropriately marked, to store oil and fuel used in chainsaws.

Canteens and bathrooms were verified in charcoal production units (see list of visited sites in item 6.12 of this report). At every site, the conditions of hygiene and availability of drinking water for the workers were in compliance with legal requirements.

There is an Operational Standard Procedure, with guidance in case of accidents and first aid. At every site visited first aid kits were available. There are records of first aid training for workers.

Monitoring environmental and hygiene conditions of work, as well as quality and quantity of available water in workplaces are part of “contract assessment” process, performed by the supervisor of each farm for every contractor. The procedure demands that each contractor should receive a thermos bottle of 5

litres capacity, at no cost, , to carry drinking water. The compliance with this procedure was verified through records of the delivery of the thermos bottles and interviews. It was verified that the water provided in field and nurseries has been analysed and are drinkable.

Personal Protection Equipment (PPE) is provided to employees and contractors. CAF H&S Management System includes monitoring of this item in internal assessments. In addition, a daily verification is made by supervisors during field operations. In the samples taken during the audit, field workers are using PPE's during the field activities performed. The records of delivery of PPE and existence of PPE in stock was verified.

The company has records of work accidents and statistics. Severity and frequency rates are evaluated (verified by sampling, records of events and statistics during 2003). There are goals and institutional guidelines to be reached and the objective is to reach zero accident rate in 2005.

Minor CAR 02: Despite the monitoring system for H&S being implemented, an opportunity was identified to improve the current system. During the assessment, it was observed that in one of the farms of RBA contractors were staying overnight in a lodge provide by their employer (a company contracted by CAF to perform forest activities). In the past, the lodges are inside the FMU, but currently CAF decided to have the lodges outside the FMU. Instead of having the lodges outside, CAF is responsible for guarantying accommodations in good conditions for its workers. The company was not monitoring this issue. In addition, it was verified (in the same farm, in RBA) that the company does not guarantee appropriate communication and transportation for contractors who work in charcoal production unit in the night shift. Minor CAR 02 was raised, requesting the company to improve H&S management system in order to be in compliance with all the requirements of Principle 4, item 2.

4.3 Workers' rights to organise and negotiate with employers

According to the interviews with managers, workers and unions representatives, the company gives its employees freedom to join unions and allows representatives access to its facilities and workers.

There is documented evidence of the negotiation between the company and the workers' representatives, such as the collective work agreements signed by local trade unions. In RRD and RCO, there are collective work agreements between service providers and local unions (Sindicatos dos Trabalhadores nas Indústrias de Extração da Madeira e da Lenha de Dionísio e de Bom Despacho).

During stakeholder consultation, a union representative informed the assessment team that there is dialogue and negotiation with the companies and with CAF.

Minimum wage of CAF's direct employees is determined by the agreement with the State Trade Union of Extractive Industry of Minas Gerais (FTIEMG) , and trade unions of wood extraction and log of the municipalities of Dionísio, Santa Barbara, Bom Despacho and Carbonita.

4.4 Social impact evaluations and consultation

In most regions, there is no formal communication system. Dialogue with external stakeholders is made directly by the supervisor or regional managers. Recently, the company has installed at the farms, signs with a telephone number for the region and a system for documenting communication with stakeholders.

Major CAR 03: there are corporative guidelines that include research concerning social impacts. However, they weren't implemented through projects or action plans. There was no mechanism to allow the assessment of social impacts and its considerations in planning forest management. Despite the existence of many initiatives in social area and programs already running, it is important that they have adherence to the reality and local demands. Consultations shall be maintained with people and groups directly affected by management operations.

To close the CAR 03, a plan was detailed and the actions started in February, 2004. In March, 2004, CAF presented SGS a draft for a diagnosis of social impacts, made with an external social specialist. In July, 2004 in the closing visit for the corrective actions requested, a reviewed and update plan was presented (CAF Corporate Responsibility – Evolution of Diagnosis of Social Impacts, July 2004) and it was verified the results of developed and on-going actions, such as:

- Declaration of CAF Social Corporate Responsibility policy;
- A list of nearby communities, prepared to identify stakeholders and local demands, besides the elaboration of a neighbourhood map (verified the maps prepared (region RRD) and the relation of locations and identified groups).
- Strengthening of relations with organizations and local groups (verified meeting records and the list of organizations identified for RRD)
- Evaluation of historic perception of the community related to CAF actuation (realized in region of Baixa Verde, Dionísio, MG)
- Technical improvement of CAF team to act in a participative social diagnosis (verified the contents of the course and training records; members of the team were interviewed).
- Critical review of the implemented social projects and their relation with local demands.
- Definition of social indicators to monitor the performance of social programmes
- Implementation of local entrepreneurs developing plan, a partnership with SEBRAE, aimed to service providers (verified the detailed program and the training plan for contractors).

All the projects above are being implemented and there is a detailed timetable until August, 2005 foreseen development in four regions of CAF, starting by RRD. Major CAR 03 was closed and it was raised Minor CAR 14 to follow up the program.

4.5 Resolution of grievances and settlement of compensation claims

It was verified the implementation of a system to record complaints, and communication between stakeholders and the company. Minor complaints and minor problems are treated directly by supervisors and regional managers. There were no relevant issue related to this item during public consultation.

4.6 Social Initiatives and opportunity of participation in the community

Educational program realized was reported in item 4.1

It was verified the development of cultural programs, sponsored by Fundação Belgo Mineira, such as "Trilhas da Cultura" and "Agenda Infância Brasil" (cultural presentations). Municipalities and Education Secretaries are involved in these

events. In some of the events of “Trilhas da Cultura “ are also proposed campaigns for fundraising and donation of clothes, food and toys.

The program “Cidadãos do Amanhã” is a volunteer program, with the participation of CAF employees, with donations to charity in the region where CAF is based.

In RRD there is a partnership with 50 families for small scale production (corn, beans, rice and other). The small farmers use areas in CAF properties and give 10% of the production to the company., which is donated by CAF to local entities for social assistance. Records of this program were verified, including the list of farmers and the social assistance organizations granted with the donations. During the main assessment, this site was visited and small farmers interviewed.

In RNO there is a volunteer program, consisting of individual activities of CAF employees in different entities and participation in campaigns. CAF employees from RNO take part of CODEMA (in Carbonita) and of the “Comitê da bacia hidrográfica do Rio Araçuaí”.

In RNO, there is a portion of the FMU designed for production and wood supply to small local industries.

During stakeholder consultation, communities from Baixa Verde and Conceição de Minas (RRD) informed that there is opportunity to create partnerships with the company; many projects have been implemented with CAF support (environmental education, support to schools, club and agricultural partnerships, etc).

It was verified that there is a system for receiving and analysing requests from communities. It is coordinated by the regional committee, who decided criteria and priorities. Requests and answers are recorded properly and follow up has been done.

During stakeholder consultation, many questions and suggestions were raised and have been answered by CAF (see section “Stakeholders Comments” in this report).

A better orientation regarding social actions developed by the company was included in Major CAR 03.

4.7 Dialogue mechanisms and resolution of worker’s complaints

Formal negotiation and dialogue are conducted by unions. In addition, it was verified that informal mechanisms exist that allows the supervisors to be in touch on a daily basis with the operational team and constitutes an important communication channel between workers and managers.

4.8 Compatible Remuneration

The minimum wage adopted by CAF is the one defined in the agreements signed with the unions.

Minor CAR 04: As it was verified by interviews with employees and contractors, some companies pay a fixed wage plus a production bonus (for workers in harvest and charcoal production activities). CAF identified this problem and a diagnosis was carried out. There is an action plan to regularize the situation, to be implemented from March 2004. The effectiveness of this plan and its results will be verified during next surveillance visit.

Forest workers' wages paid by CAF are similar to the wages paid for the same positions in forest/charcoal production sector. This was evidenced by verification of payroll records, quoted to regional information.

4.9 Child labour

CAF's policy does not contract allow for the employment of workers under 18 years of age. This policy is applied for employees and contractors, as verified by interviews and document review.

4.10 Women's labour

By sampling, it was verified that female forest workers are employed in the nursery and in some field activities (planting, manual weeding and ant control). There are female workers in administrative and safety and health department. One woman occupies the position of regional manager.

In contractors monitoring system, CAF verifies if female workers are employed in any activities, then such appointments are according to the law. Indicators were reviewed recently to include specific issues about female workers (item 10 "Female workers Protection) such as maternity leave, medical licenses (during pregnancy and for take care of their children) and special care concerning appropriate activities during pregnancy.

4.11 Minimisation of dismissal impacts

According to information collected in the company, there was a reduction in the number of personnel between 1997 and 1998; with the increase in forest activities, the company is currently increasing its work force. According to information obtained from members of the communities in the neighbourhood, this is allowing for the return of families and workers who had left the region in the past years.

Data about personnel (sample collected in RRD) showed that in the last 3 years the company has been increasing the number of forest workers (December 2001: 888 workers, December 2002:1251 workers and December 2003: 1457 workers).

There is a forecast of technological change in 2008, to substitute the traditional charcoal production units to others more modern. This substitution will improve working conditions in charcoal production, as required by social movements; however mechanizations will reduce number of jobs. The Company informed that the workers will have the opportunity for training and transfer to other activities and that the substitution of the charcoal ovens will demand other local products and services (such as brick-fields), and also a better qualification of the workers, leading to stimulation of local development. As part of the strategy to minimize the negative impacts, the company is researching projects to generate alternative jobs and revenue to local families, such as beekeeping and fish farming.

4.12 Differences between employers and contractors

Since 1997, CAF outsourced all forest management operational activities and charcoal production. Management, supervising, surveillance and pasture are realized by CAF full-employees.

Contractors are formally hired by CAF. It was verified the standard "Rendering services Contract" and copies of these agreements between CAF and the

services providers (random samples). CAF and contractors obligations are defined in these agreements. The agreement demands the compliance to labour laws, healthy and work safety and appropriated work conditions in field and charcoal units. The compliance with these issues is monitored by CAF.

- See Minor CAR 04 for issues raised regarding payments.

4.13 Community access to FMU

As verified through interviews with workers and external stakeholders, CAF does not prohibit access to the forest management unit, although it does not allow illegal hunting or other illegal activities.

There is no specific demand from communities for the collection of forest products. Some suggested activities which could be developed in the FMU with the participation of the community were raised during stakeholder consultation, such as: fishing, apiculture, and wood for handmade objects. The Company is working on these suggestions in order to implement projects of community interest and related to forest management.

- **PRINCIPLE 5 Benefits from the forest**

5.1 Economic viability taking full environmental, social, and operational costs into account

The company manages and controls all costs and investments related to the forest management. There are indicators in the management system "Gerenciamento pelas diretrizes" - GPD), which allows managers to assess the performance of CAF monthly.

There are Investment Plans (until 2010) and a Long term Plan (physical chronogram until 2014). Actual and planned activities are in the budget, as verified in document review (sampling in RCO and RNO). The plans include actions and investments necessary for research, environmental and social management.

5.2 Optimal use and local processing of forest products

Forest Management in CAF is conducted by multiple products from Eucalyptus plantations: charcoal, sawn timber and stakes. These products are locally processed by the company itself or its contractors.

Besides wood products, CAF develops activities of beekeeping and cattle raising in its FMU, and in some regions these activities are done in partnership with local producers. The realization of these activities was observed during onsite evaluation (RRD and RNO) and the partnership contracts sampled during document review.

Company's plan for 2004 includes promoting of beekeeping partnership project with local associations, with the objective of increasing the number of people involved and diversification of the income resources in the vicinity of the forest plantations.

5.3 Waste minimisation and avoidance of damage to forest resources

CAF supervises and monitors forest operations, determining the goals related to the quantity of residue that can be left in the area after log transportation.

Procedures and reports related to this activity were verified, as well as the results of field operations.

Guidelines to the forest workers to protect the forest managed resources and the preserved ones are verified, such as fragments of native forests and water streams (Environmental practices manual, CAF).

In production of logs, mechanical extraction of bark is executed in the area and the bark left in the forest.

During in-field sampling, no damage to forest resources as a consequence of normal operations was observed.

5.4 Forest management and the local economy

According to document review and interviews, suppliers and contractors, are hired in each region.

Forest products – charcoal, sawn timber and stakes are processed locally

Records about purchases realized locally and taxes payments to municipality were verified.

5.5 Maintenance of the value of forest services and resources

CAF Management Plan includes the conservation of other resources and services of the forest, such as protection of water resources for public supply and biodiversity in fragments of native forests.

5.6 Harvest levels

Each one of the four regions of CAF has a sector, which is responsible for Inventory and Registration. Generated data is used in forest planning.

Each region is considered as a sustainable unit for harvesting and re-planting. The cutting area is compatible to planting plan for new areas. Volumes to be harvested are based on the current availability of wood, projection of the area to be re-planted and expectation of estimate growth of the new implemented areas.

The forest management plan (2004) presents the methodology used by CAF to realize the Forestry Inventory and volumetric prognosis. There is a network of permanent parcels installed to conduct the inventory. To Reformation forests after 1996, there is a parcel for each five hectare. At the age of 2 years, all the plots are sampled annually to provide knowledge of current and potential growth.

Present data and prognosis related to wood and charcoal production were verified in each region during the main assessment.

• PRINCIPLE 6 Environmental impact

6.1 Environmental impacts assessment

In the forest management plan (2004) the company describes impacting activities of forest management and the mitigation and preventive measures. Measures are being implemented such as: erosion control, appropriate waste disposal, rehabilitation of degraded areas and road system planning, etc.

There are site-specific assessments of the potential environmental impacts of forest operations. Special and fragile areas are included in maps and there are

guidelines for their protection (verified in the Operational Program 2004, references to environmental aspects to be considered in planning and operations). There is a Standard Operational Procedure (PPO – M02 A05 002, version 1, 11/09/2003) for environmental planning.

More significant environmental impacts are being monitored (see Principle 8).

6.2 Protection of rare, threatened and endangered species

There is a preliminary study of endangered species (described in the Forest management plan, “Levantamento preliminar da fauna ameaçada e estratégias de conservação em áreas de cerrado da CAF” (based on Livro Vermelho, Fundação Bioediversitas, 1998). There is a general description of species and potential strategies for conservation and protection. For regional Bahia (RBA), there is a survey of fauna (described in document “Licenciamento Ambiental”). In addition to this information, CAF should conduct a more inclusive survey and incorporate the results in its long term conservation plan. Minor Car 05 was raised to monitor this requirement.

As part of the surveillance program, the company has implemented actions to protect its areas against hunting, fishing and forest fires. There is a partnership between CAF and Environmental Policy in order to protect fauna and flora.

CAF has an Environmental Educational Program orientated to protect native fauna and flora. There are records from 2003 (Environmental Education Centre, in RCO), when 23 schools of the region, besides parents and teachers, were attended.

Through interviews and document review, it was verified that environmental educational issues were included in training for employees and contractors. Visits and meetings with neighbours addresses consequences of fire and prohibition of hunting and fishing.

Proposals for studies to be carried out in 2004 were presented by the company to complement the survey and characteristics of fauna and flora in FMU. The studies should be implemented (see Minor CAR 05 and Mayor CAR 10) and their results applied in a management plan for protection of endangered species.

6.3 Maintenance of ecological functions and values

The forest management plan presents recommendations for restoration of degraded sites. Recommendations are based on floristic and structural studies conducted by the company (“*Composição Florística e estrutura fitosociológica como fundamentos para manejo da vegetação do cerrado da CAF*”, prepared by CAF/UFV; and “*Programa de Manejo e Restauração de Vegetação nas Áreas da CAF*”). Restored sites were verified in field. CAF presented an action plan for rehabilitation of other areas affected by erosion and sand extraction.

Specifically for RCO, identification and implementing action plan for restoration of degraded sites (ex. legal reserve areas occupied by old *Eucalyptus* plantations) is not detailed. Minor CAR 06 was raised.

6.4 Protection of representative samples of existing ecosystems

CAF forest management unit (FMU) is located in regions of distinct characteristics, including different ecosystems of Biomes Cerrado and Rain Forest. Representative areas of all existing ecosystems are identified and demarcated on maps.

Restoration, management and protection activities are defined and documented in the forest management plan. There are procedures and work instructions for this (“Manejo de vegetação nativa e áreas especiais”, CAF, 2003)

CAF’s Environmental Manager develops studies in conjunction with acknowledged experts (from UFMG, UFV and IPEF) for protection and restoration of natural ecosystems.

At some farms, very few native ecosystems are presented or they are very altered.. There are areas of APP and legal reserve occupied by *Eucalyptus* plantations of over 20 years old, however there is no quantification and characterization of these areas concerning the native ecosystems of the region and the development of actions with the objective to increase the biodiversity at a local level. Minor CAR 07 was raised.

There is a Forest Fire fighting and Prevention Plan documented and implemented in each region. Information and educational campaigns are carried out with neighbours regarding the use of fire.

There are records about fire occurrences (documento “Relatório de Incêndio Florestal – RIF”). Information are analysed and preventive measures are defined.

6.5 Protection against damage to soils, residual forest and water resources during operations

Written guidelines defining acceptable practice are available to forest managers and supervisors; these guidelines are part of CAF operational procedures. It was verified in procedures PPO SO2 AO6 015 (Erosion Control), 014 (Road maintenance) and 018 (Roads Re-opening).

As verified during the main assessment, CAF has been adopting specific measures for soil and water protection, such as appropriate equipment and techniques definition for harvesting and soil preparation, as well as, maintenance of forest roads.

Aspects related to water and soil protection are considered in management of contractor activities. Among evaluated environmental performance items are: preservation of legal reserves, water source preservation, erosion control, appropriated waste collecting, appropriate fuel storage and pluvial drainage.

Mapping of soil for management purposes is ongoing, to identify and map soils on the FMU in order to optimise production, give information for experimental installations, determine management operations and genetic material to be planted.

The use of controlled fire for soil preparation is minimized. Data from 2003 were presented, proving a reduction in this trend.

Company adopted measures to optimise use of water in nursery and in field, such as reduction in the size of water spouts, a mechanical irrigation system, re-using of clone garden water and use of gel in irrigated planting.

In RNO actions were taken to protect water resources for public supply. Periodical analysis of surface water is being carried out in order to detect any kind of contamination caused by forest management activities.

In-field visits indicated that actions for soil and water resource protection are being carried out.

- Observation: With regard to use of fertilizers, it is important to verify if the products used have some contaminants or heavy metal in their formulas.

6.6 Chemical pest management

CAF has a trained technical team specialized in pest and forest disease management, as well as contracts and agreements with research institutes, which gives technical assistance to the company.

Procedures describe detection, collecting, identification and registration of occurrence of forestry pests (“Monitoramento e combate a insetos nocivos”, recursos humanos, ações estratégicas para os casos de ocorrência de lepidópteros e coleópteros”).

Assessment for the need of pesticides is conducted by Núcleo de Desenvolvimento Técnico (NDT) from CAF. Through this assessment, a recommendation for its use is sent to the requesting region. Purchasing, use, disposal and destination of packaging is the responsibility of each regional.

In nurseries, the company adopts preventive practices and integrated management to minimize the use of pesticides, as verified in RRD and RCO.

A management system for pesticide use is implemented. There are operational procedures for the store and use of products, evidence of recollection and disposal of empty packages (in compliance with legal requirement, as records of June and November of 2003 and January of 2004), appropriate use of PPE's during application of herbicides and pesticides against ant infestation (verified in field) and registration about the use of chemical products in forestry nursery and on field (registration book and control datasheets). In addition to the Storage Control System (SAP) the use of products, including agrochemicals are controlled.

There is an up-to-date list of all pesticides used in the FMU, that documents trade name, active ingredient, authorised applications, application methods and rates. A description of agrochemicals used in each region was verified (Management Plan, 2004)

There is a formal prescription for the products in using (Receituário Agrônômico, CREA/MG, GAP – Guidance for Products Acquisition).

Storage sites are in compliance with legal requirements, registered with the correct agencies, when applicable (Verified storage units in RBA, RRD, RCO and RNO). There are emergency procedures for the cleaning up following accidental spillages of chemical pesticides.

There are training records for workers responsible for using chemicals (Plano de Manuseio e Aplicação de Produtos Defensivos).

As for the use of prohibited products by FSC, the use of *Oxyfluorfen* in CAF units was verified. Major CAR 08 was raised, demanding the suspension of this product until FSC issues a final opinion concerning its exceptional use requested by Brazilian organizations.

In July, 2004, during visit in CAF audit team verified that the company has suspended the use of the herbicide and there were not new purchases in 2004 (Storage Unit records). Product was changed by manually weeding and CAF is searching for alternative products in the market. *Major CAR 08 was closed.*

6.7 Use and disposal of chemicals, containers, liquid and solid non-organic wastes

At every visited in field, the company has procedures and facilities to manage waste and recycling. Leftovers from the field is insignificant demonstrating that the collection system is working.

The company demonstrated knowledge regarding to the correct final disposal of empty agrochemical containers. They are properly stored and receipts verified that such containers were sent to correct destinations for disposal.

Contaminated paper tissues and towels are being stored in the farms until a decision regarding their final destination. Oil change was prohibited in field to avoid soil contamination.

There are written procedures for waste management, such as “Recomendações Técnicas para construção de depósito temporário de resíduos perigosos” and “Normas Gerais para destinação de resíduos gerados nas frentes de serviço”.

The analysis of Environmental Performance Indicators (“Indicadores de Desempenho Ambiental”) includes the Inventory of Residues; classification, localization, weight and final destination of the waste are monitored.

6.8 Use of biological control agents and genetically modified organisms

Biological control agents used are documented. The product used is DIPEL (*Bacillus thuringiensis*) for caterpillar control.

No genetically modified organisms are used in management, production or research programmes .

6.9 The use of exotic species

There are various *Eucalyptus* species in the FMU. In the beginning of its activities, during 1950's, the company carried out several trials with different species. The results indicated the preferred species and hybrids for the company to plant. The main species cultivated are *E. grandis* and *E. urophylla*.

Planting plans are based in selected and improved genetic material (Programa de Melhoramento Genético e Florestal, described in Management Plan, 2004).

6.10 Forest conversion to plantations or non-forest land uses

As verified in-field and from area records, CAF plantations are established in restoration areas (after the second or third cycle), previously established with *Eucalyptus* plantations.

During the stakeholder consultation, no question or complaints concerning conversion in CAF's areas were raised.

6.11 Information about the use of pesticides

Aerial spraying of pesticides is not common in the FMU. When it is applied appropriate measures are taken to prevent spilling of products. Within these procedures, the company minimises contamination of the neighbouring areas, thereby confining the effects to the area of application.

- **PRINCIPLE 7 Management plan**

7.1 Management plan requirements

There is a documented management plan. It includes a strategic long term plan (up to 2020), a tactical plan (2008) and detailed annual plans. The annual plans present details about forest operations, location, period and volume to be harvested from each site/plot. Guidance from top management sets objectives and goals for each region.

There are descriptions of activities and operational procedures/prescriptions applied in each region of the FMU.

The management plan includes the requirements of criterion 7.1. Detailed information concerning the region and the resources to be managed were verified and its reference between the management plan and other programmes and CAF documents. Detailed maps for each farm were verified.

At site level, a micro plan is prepared considering specific characteristics of the site to be managed (type of soil, slopes, environmental aspects, neighbours, water courses etc, detailed in the document “*Sistema Integrado de Planejamento e acompanhamento para reforma florestal – roteiro para execução*”.

7.2 Management plan revision

There are management tools implemented, which are used to follow up and verify that management goals are correctly implemented, as defined in CAF's forest management plan.

CAF has procedures periodically reviewed and its management practices include the results of research and development , as well as the management reviews results.

7.3 Training and supervision of forest workers

Training records from 2003 were verified and also the schedule for 2004. Records from the second semester of 2003 training (for employees and contractors) included labour exercising, safety at work and operational training, seminars about the use of PPE's, legal and social requirements, forest certification and specific training courses for technical improvement.

Each contractor team has a leader and on-site work is supervised by a CAF supervisor. All activities are supervised and monitored to ensure that plans, policies, procedures and contract specifications are adequately implemented. Among monitoring requirements related to the quality of the operations are: conservation of the water springs and water courses; protection of natural vegetation and legal reserves during operations, appropriate disposal of waste and effluents, organization, cleaning and hygiene in facilities and the work place. Interviewed supervisors demonstrated the knowledge of evaluation system and control items.

As verified in field, forest management activities have been carried out as planned, and in compliance to CAF's procedures.

7.4 Public availability of the management plan elements

There is a summary of the management plan, but it was not available to all stakeholders at time of main assessment. MINOR CAR 09 was raised.

- **PRINCIPLE 8 Monitoring and assessment**

8.1 Frequency, intensity and consistency of monitoring

The activities that require monitoring are identified and documented in a monitoring programme. The performance of forest management is continually monitored (by the system “Gerenciamento pelas Diretrizes – GPD). This system considers operational, economical and social performance indicators.

There is a defined methodology to collect data, and evaluate, calculate and quote results.

8.2 Research and data collection for monitoring

Data are collected to monitor operational indicators.

Operational monitoring in forest management activities performed by contractors is in place. Supervisors are in charge of monitoring in all regions. Monitoring of legal compliance is detailed under principle 4.

A detailed monitoring programme was presented (“Programa de Monitoramento de Qualidade Ambiental e Biodiversidade”). There are defined performance indicators, but the environmental and social monitoring is very poor. It does not cover important issues related to forest management, such as monitoring of the impacts of forest management in water basins, and changes observed in flora and fauna. In addition, social indicators, resulting from social impacts evaluation were not defined. Major CAR 10 was raised (also related to Principle 10.8).

In August, 6th, 2004, CAF presented on-going actions plan to attend to MAJOR CAR 10. The CAF Monitoring Plan was revised, and indicators required by the standards were included (“Performance Indicators applied in evaluation of planted forests sustainability”, CAF, July of 2004). In addition, the following projects that will support monitoring programme were presented: water basin monitoring (“Conceitos e metodologia para o monitoramento de bacias hidrográficas”, IPEF/REMAM, July of 2004); Study and monitoring of fauna (Plano de Estudo e Monitoramento de fauna em áreas da CAF, Manejo Instituto de Pesquisa Ambiental, August of 2004); Monitoring of forest fragments and endangered species of flora (Plano de Monitoramento de remanescentes de vegetação e de espécies de plantas vulneráveis ou ameaçadas de extinção na CAF Santa Bárbara Ltda, SIF, July of 2004).

All projects are detailed (methodology, team in charge, expected results) and its implementation approved by CAF directors. CAR 10 was closed and Minor CAR 15 was raised to follow up the results of the program.

8.3 Chain of custody

The scope of a joint FM/CoC certificate covers sale of seeds and seedlings and harvesting and transportation of roundwood to the first point of processing. These points are the charcoal plants (on site), the saw mill (in Martinho Campos) or the wood treatment unit (in Martinho Campos). Production and sale of charcoal, sawn timber and poles will be covered by a specific Chain of Custody certificate.

Documentation of origin, volume and destination of all forest products is available. Sales invoices and other documentation related to sales/transference of forest products (seeds, seedlings and wood) were verified.

Monthly records informing estimates for volume and harvest per site/plot were checked.

8.4 Incorporation of monitoring results into the management plan

Based on regular analysis of its management reports (from “Gerenciamento pelas Diretrizes”), CAF proposes and implement the necessary changes to achieve the expected performance.

8.5 Publicly available summary of monitoring

Internally, a summary of the results of operational performance indicators is presented in the Analytical Monthly Report, used to evaluate the goals accomplishment.

There was no public summary of monitoring. Major CAR 11 was raised.

In August, 6th, 2004, CAF presented the actions to close CAR 11. A summary was prepared to be available to the public. On the company’ website, (www.caf.ind.br) through the link “environment”, stakeholders can find performance indicators and information on the monitoring programme.

• PRINCIPLE 9 High Conservation Value Forests

9.1 Assessment to determine high conservation value attributes

A bibliographic survey and indicators were presented that demonstrate the areas of CAF located in regions of high value for biodiversity and natural resource conservation. Region of Bom Despacho and Martinho Campos are included in the study of COSTA *et al* (1998), linked to the Management Plan, as area of high biological importance (area of environmental mosaic for the relevance for the maintenance of high diversity for birds, including threatened species, characterized as a transition area between cerrado and rain forest). RRD is in the area of Rio Doce lakes. The document “Memorial Descritivo” of Environmental Protection Area of Dionisio presents the following technical explanations: EPA is located in the ecosystem of Natural Forest, in Vale do Rio Doce, and contributes to preserve water sources of micro-basins of its water courses. It is located in neighbouring PERD (State Park of Rio Doce), considered as a *core* area of Natural Forest Biosphere in Minas Gerais State. Lakes and small rivers of EPA are fundamental to the maintenance of regional flora, and constitute one of the biggest water ecosystems of the country.

9.2 Consultation process

Despite the identification recorded under item 9.1, the company did not perform an evaluation and management prescriptions for the HCVF in consultation with conservation organisations, regulatory authorities and other local and national stakeholders. Major CAR 12 was raised.

On 6th August, 2004, CAF presented the results of developed actions to close CAR 12. The methodology proposed by ProForest (www.proforest.net) as reference to identify high value conservation forests in the regions of CAF was used. Local organizations were consulted and their observations were used to define the areas. Due to this diagnosis, general actions to keep the identified attributes were defined. CAR 12 was closed and Minor CAR 16 was raised, to follow up the monitoring plan for HCVF.

9.3 Measures to maintain and enhance high conservation value attributes

Some actions are being carried out by CAF such as maintaining a security corridor in the area of RRD, in the limits of PERD (State Park of Rio Doce) and the restoration of the native forest in RNO, in the areas of water sources for public supply. Actions for the other areas are being followed by CAR 16.

9.4 Monitoring to assess effectiveness

Currently, there is no specific monitoring plan for HCVF. Monitoring (defined in Principle 8) should include indicators which allow for the evaluation of the effectiveness of the adopted actions for HCVF (also covered by CAR 10 and CAR 15).

• PRINCIPLE 10 Plantation

10.1 Statement of objectives in the management plan

Forest management objectives are described in the documents and are in compliance with the observations performed on site.

10.2 Plantation design and layout

On some farms of RCO no actions to promote the establishment of corridors between the natural reserves were carried out. In these regions, reserve areas were defined as being fragmented and this was verified on maps and in-field. Minor CAR 13 was raised.

10.3 Diversity in composition

CAF plantations present diversity of species, different age classes and management systems.

The company uses a different set of clones, in each period of planting, and plans the distribution of the clones in restoration areas to avoid the formation of homogenous blocks.

10.4 Species selection

The species currently planted are the result of trials that have been conducted since the 1950's, in areas of CAF and in several areas of Brazil. There are several trials installed in four regions of the FMU researching several Eucalyptus species, provenances origins and clones.

CAF has a "Genetic Improvement Plan", presented in the document Management Plan. This program is aimed at improving the forestry and qualitative characteristics of the wood to adapt them to different sites and final use.

According to the information found in management plan there are 407 registered clones, 50 of them used in commercial plantings.

10.5 Restoration of natural forest

As verified in field, on maps and interviews with supervisors and managers, there are areas of the Legal Reserve and the APP in four regions which will recover a long period (see item 6.3).

10.6 Impacts on soil and water

See comments in item 6.5 and principle 8.

It was verified that the monitoring of effluent from the nursery is implemented in RCO and the proposal for monitoring in RRD was presented by a specialist company for physical and chemical analysis of the water, including the analysis to detect the presence of agrochemicals.

10.7 Pests and diseases

CAF developed several studies for forest protection. Such as: “Estudo entomofaunístico com armadilhas luminosas”, to study the population dynamics of caterpillar; “Monitoramento, identificação e verificação do nível de infestação do inseto praga -cupins”, to evaluate the population and gives subsidies to determine strategies to control termites, “Programa de monitoramento, combate e avaliação do nível de dano econômico de formigas cortadeiras na CAF Santa Bárbara Ltda”, to indicate appropriate control systems for ants; “Projeto de monitoramento de plantas daninhas”, with the objective of efficient management of planted areas, reducing costs and maintaining the environmental integrity during weeding.

There is a strategy for minimization of chemical pesticide uses (“Estratégia de redução de uso de produtos químicos”, October, 2003), based on principles for integrated pest management system.

See comments on issues 6.6 and 6.7, specially related to the use of prohibited products by the policy of chemical pesticides of FSC.

10.8 Monitoring of impacts, species testing and tenure rights

See comments in Principle 8 and close out details for Major CAR 10.

10.9 Plantations established in areas converted from natural forests after November 1994

As verified in the field and by document review, CAF plantations are being established in restoration areas (after the second or third cycle), previously occupied by *Eucalyptus* plantation.

Stakeholders consulted, raised no question or complaints concerning conversion in CAF's areas.

7.2 Recommended sampling strategy for surveillances

Sampling on monitoring visits should include the areas related to the closing of CAR's, especially: areas where CAF has developed studies on fauna and flora and experimental

areas to monitor water basins, agrochemical storage areas and application of the products on field, implanting of the project of apiculture. In addition, farms not covered in main assessment must be visited.

7.3 Issues raised by Stakeholders

The following issues were raised during the public consultation, from correspondence, telephonic contact and meetings with stakeholders.

During 03 and 05 of February, 2004, members of local community, representatives of government, schools and universities, unions and NGOs attended the public meetings realized in Martinho Campos, Dionísio (Baixa Verde), Alcobaça and Carbonita. A list of stakeholders contacted is available as an annexure to the full report.

The following points have contributed to observations and resulting actions taken by the company should be followed up at the next surveillance visit:

Issues raised by communities and neighbours	Response
Job offer, which was high to the Engenho do Ribeiro Community, when the workers are from CAF, shortened with use of contractors.	According to the company information, the outsourcing process occurred between 1997 and 1998. With the new activities of the company, over the last two years, job offers have been increasing.
Request for inclusion of cultural activities promoted by CAF in the Engenho do Ribeiro Community, such as, "Trilhas da Cultura" .	CAF answered that the program "Trilhas da Cultura" has a pre-defined agenda and for this year it will not be possible to include Engenho do Ribeiro; to attend to the request, the community has received the benefit of donation of the value for transportation of students and community to watch the program Trilhas da cultura in the nearest town (Bom Despacho).
Several farmers have planted <i>Eucalyptus</i> in the region. CAF has qualified local workers for the technology of <i>Eucalyptus</i> production, which results in benefits these small forest entrepreneurs.	No response is required.
CAF brings several benefits to the municipality of Carbonita, leading to a local development. Presently, the city is less dependent on CAF, regarding sustainability.	No response is required.
CAF neighbours are benefited by some actions of the company, such as the build up of fences and road maintenance.	No response is required.
Outsourcing caused damage and competition lowered the wage of workers. Wage is registered in a determined amount, but the payment is done on the production.	In the region of Rio Doce, the payment on the production was discussed with the contractors and decided the regularization, which will be part of the union agreement, involving workers union and is already in process for contracted companies. In Bahia, the situation was regulated. From June, 2004, and on, all payment for workers is included in payment roll. This aspect will be monitored by the system through internal assessment as well as third party assessments.
CAF gives support to project of Environmental Education, helps with food for students and donate timber for school.	No response is required.
CAF has been supporting sports in the region of Dionísio.	No response is required.

CAF should support alternative economical sources such as bee keeping, fish farming and agriculture.	<p>Considered in CAR raised during main assessment, the actions are in process. In the region of Bahia, CAF is working on partnerships to implement programs of bee-keeping, fish farming and partnerships in farming. The availability of areas for bee-keeping is being discussed with APIXSUL.</p> <p>In the region of Rio Doce, a meeting was held involving beekeepers, EMATER, IEF, ASSOCIAÇÃO COMUNITARIA DE BAIXA VERDE and specialists of the area. The company is searching for the support of EMATER in partnerships with farmers in the municipalities of Dionisio and São Jose de Goiabal.</p>
CAF had a system for recovering tar from the kiln, but when the contractor came in this was abandoned.	<p>The operation was stopped before the contractor. The change is not related to the contractors, but to the necessary technology that demands bigger kilns to be operational. In addition, the product obtained through the recuperation, have no space in the market.</p> <p>The company informed that modern and safer processes have being developed.</p>
The substitution of traditional kilns by modern kilns and their mechanization will reduce the jobs on offer. However, the mechanization of the kilns eliminate a kind of work very harmful for healthy.	<p>CAF projects included social-economical and environmental studies to indicate the viability of implementation of any new technology or equipment. Through this analysis the substitution of the traditional kilns will have positive impacts in working conditions.</p> <p>Mitigation actions shall be taken to minimize the negative impacts of a possible diminution of the number of job in charcoal production units, in case of mechanization, such as development of other projects to generate incomes in the region.</p>
The smoke produced by the charcoal kilns neighbouring on roads and houses cause inconvenience to people during certain periods of the year, when the smoke remain in the area and reduces visibility and impairs breathing.	A study is being carried out, conducted by a multi-disciplinary team, and aimed to implant new charcoal plants which will substitute the present ones. The principles of installation of new charcoal mills will consider social, economical and environmental aspects. This includes localization and its impacts. The viability of installing systems to re-circulate gases and reduce smoke is included in the study.
CAF could provide more areas to plant in partnership with small farmers of the region, because there is a lack of land to plant, mainly near the village of Baixa Verde.	There are actions on progress and a partnership with EMATER is in place. The company will analyse the real demand on the implementation of the project and make decisions from this analysis.
CAF should help more, supplying fertilizer for small farmers in the agriculture partnership program.	CAF informed that EMATER has financing programme addressed to the participants of the agriculture partnership program.

Issues raised by NGO's	Response
Which are the responsibilities of the company in terms of transportation insurance?	All the hired vehicles have a legal insurance license and private insurance.
Workers complain that the contractors do not consider doctor's letters justifying sick leave.	CAF system of administrative assessment on the hired workforce includes this item and the company has tools to detect if the problem is occurring and to take the necessary actions.
What are the activities realized by the contractors	Forest activities such as seedling production,

for CAF?	planting maintenance, harvesting, transportation, carbonisation and other activities such as construction and general services.
There never have been complaints from the workers concerning dismissal process and this union. There is legal inspection performed by the union on a two month basis.	No response is required.
CAF should support research and surveys which help in conservation of forest and fauna.	<p>Inside CAF forest management unit there are several studies and researches projects addressing fauna, flora, water resources and soil conservation. Most part of the studies included research institutions and universities.</p> <p>This year, studies will be initiated for survey, mapping and monitoring of biodiversity and water basins.</p>
Outsourcing has brought many complaints related to working shifts and employment of contractors. The point of paying on production in addition of what is registered in contract lead to the exploitation of the workers. Payment on production must be formalized by the union in order that the social charges will be paid.	<p>CAF monitor its contractors regarding the compliance of legal rights and working conditions in field. The system allows for identification of non-conformities and indicates the action to be taken to correct the identified problems. In case of shift working, no evidence related to illegality was found. Workers are transported to the local to work in bus with defined time schedule, which is an additional control that the work shift is not being enlarged more than the stipulated.</p> <p>Company search for legalizing the payment on production (see previous answer).</p>
Union and CPT made a complaint against CAF, concerning the cutting of trees in permanent preservation areas.	<p>The trees were not from native vegetation in preservation area; they were part of an old orchard.</p> <p>It was verified in field and answered to the Union, during the main assessment.</p>
<p>The rural workers union presented several requests to CAF in the past, but received no answer. Some requests:</p> <ul style="list-style-type: none"> - Providing areas of pasture for small farmers, which have a loan contract with PRONAF, to buy cattle. - Increase the available areas for agricultural partnerships, but the contract must be adjusted and the union can help to inspect the farmers, and also help to get the PRONAF loan. An example is the community of Firma Araujo, with 200 families in difficulty because they don't have other alternatives for income and to cultivate food . - Bee-keeping in Eucalypt areas of CAF - Fish farming projects 	<p>The manager of RRD informed the audit team that the formal request has never reached the company; they only became aware of this during the main assessment. Some of the answers are described below:</p> <ul style="list-style-type: none"> - CAF provides available areas to agricultural partnerships, and do not have areas for pasture partnerships. - From now on, the contracts of agricultural partnership will be elaborated with the participation of the communities, EMATER, IEF and unions, allowing more discussion about the local priorities. - A new project for apiculture is being carried out and will include a greater number of local families. - Meetings have been held to discuss the fishery projects and their feasibility.
CAF does a good job and has already made partnership in several local projects. Group Arcelor is better for partnerships; local people still made mistakes and have difficulty to accept CAF because of a past of conflicts and problems.	No response is required
CAF has many areas in the municipality (28%); Today the municipality has only 30% of country people which makes impossible the loan requests for PRONAF.	CAF will check if it is possible to obtain resources from PRONAF, considering the areas for an agricultural partnership.

<p>Concern about water resources is important. CAF should monitor the amount of water in its areas of <i>Eucalyptus</i> to get the knowledge about the influence of the forest management on water resources.</p>	<p>Considered in CAR raised in main assessment. In RRD, CAF monitors the lakes of the region together with UFMG, coordinated by Professor Francisco Barbosa. Recently a contract was signed with the Programa de Monitoramento e Modelagem de Bacias hidrográficas/IPEF-ESALQ to realize more detailed studies about the influence of the management of <i>Eucalyptus</i> culture in water dynamics.</p>
<p>The organization wasn't invited to take part in public meeting and did not receive communication about the CAF certification process.</p> <p>There are many concerns regarding the outsourcing of CAF activities, which caused an increase in the exploitation of workers. CAF should monitor better its contractors. To improve the situation of the farmers that loose their lands due to the expansion of the <i>Eucalyptus</i>, CAF should provide more areas for the small farmers to plant a subsistence agriculture.</p>	<p>There never had any interest to hide contacts with stakeholders, and the organization was contacted still during the main audit and was informed that they could send comments at any time. Regarding the issues raised, many of them were included in Mayor CAR 03, referring to social impacts of the forest management, the actions are being carried on and will be monitored. The implementation and results of the requested actions will be considered for the decision about the maintenance of the certification for forest management in the future.</p>

<p>The concern is with the Eucalypt Culture and this is leading to the extinction of the familiar agriculture and CAF, as well as other companies, do not worry with that and do not make any effort to minimize the environmental and social impacts.</p>	<p>The scope of forest certification does not include impacts related to past actions of a company but the way in which it acts currently in order to mitigate the negative impacts. Deadline date, considered by FSC, to any conversion of natural environments to new areas of plantation, is November of 1994.</p> <p>A Mayor CAR was raised during the main assessment requiring the company to identify and evaluate social impacts, as well as the elaboration of a plan with mitigation actions for the negative impacts; the actions re in process and being monitored.</p>
<p>It is a problem the payment on the production the undertaken companies agreed with workers, because it leads to the exploitation of the work. The companies which work for CAF, pay, at least 40% minus than others in the region.</p>	<p>Question regarding payment on production was taken to the company and all payments realized to workers are in legal compliance.</p> <p>The difference in wages for workers in plantations destined for charcoal and the plantation destined for cellulose is defined by the market. It was verified that wages paid by CAF are compatible with the wages paid in similar activities.</p>
<p>The main problem is the outsourcing of activities, where the work is almost inhumane, without proper structure to workers. There is no union agreement and several collective process against companies hired by CAF. Among this outsourced companies which attend CAF, only one company has a collective agreement and an Term of Adjustment with Public Ministry, offering better working conditions, in terms of salaries, food, facilities etc. It is believed that certification will improve the working conditions.</p>	<p>The company has as policy of not accepting worsening of work conditions. CAF supervisors periodically monitor its contractors to guarantee that labour laws and regulatory norms are being obeyed.</p> <p>Union agreements and recognition of unions as legitimate representatives of the workers is a principle adopted by CAF (see other responses in this section).</p> <p>Specifically in Bahia, agreements with SINTREXBEM have already begun. The union has made in-field visits to contact workers and will present a draft guideline.</p>
<p>There is lot of concern referring the way Eucalypts replaced native forests in the past (in South Bahia). Thinks certification is limited because deals only with the impacts of CAF area, which is small in comparison with the total volume of Eucalypt plantation in the region (by the pulp and paper mills). There should be made a regional economic and environmental study and promoted a discussion about land use. Partial certification should not be accepted.</p>	<p>CAF bought areas in south of Bahia, during the period of 1978 and 1982. Present land use issues raised is mainly related to other companies which arrived later in the region (big pulp and paper mills and their plantations).</p> <p>CAF understands that there is no justification to replace any biome, threatened or not, by <i>Eucalyptus</i> plantations as there are many deforested and degraded areas that can be used for plantations.</p> <p>The partial certification is defined by FSC (there is a specific Policy about this); CAF included all its productive areas in the certification scope. The FSC Policy for partial certification does not cover the situation where there are many organizations in the same region (different entities), but only one asked for forest management certification. It is applied to an individual organization.</p>

Issues raised by Government	Response
<p>Company takes part of several social programs in Carbonita, and contributed donating an area to build a school.</p>	<p>No response is required</p>
<p>CAF incentives its workers to complete their studies.</p>	<p>No response is required</p>
<p>What will happen in the near future</p>	<p>CAF projects include social-economical-environmental</p>

regarding the job offer, as per as the company intends to mechanize activities such as harvesting and charcoal production?	studies, which indicate the viability for implementation; job generation and income are issues considered in these projects. The activities planning for production project an increase, from 930.000 m3 of charcoal today, to 1.800.000m3.
Areas of PPA's and Legal Reserve which belongs to the company are very important concerning conservation, mainly fauna, and also neighboring of the Rio Doce Park. CAF participate at the Consultant Board of the Park and has a cooperation agreement with IEF and Environmental Policy concerning legal inspection.	Importance of the areas in the neighbouring of the park, considered in Principle 9 and CAR 12.
One of the proposal is that the company supports alternatives to the improvement of the income of the population in the neighbouring, which depend a lot on the jobs generated by CAF; the decision of lines of action should be participative.	Considered in a CAR raised during main assessment; ongoing actions. Company has prepared a map of the communities of the neighbouring and a specific plan to diagnose, in a participative way, the social impacts and demands of the community and of the neighbouring areas, aimed at defining guidelines. In the region of Rio Doce, there are ongoing discussions to implement the projects of bee-keeping and agriculture partnership, including the community associations.
Some decisions of the organization could be more participative, such as the places where the new kilns will be installed and also alternatives to minimize the social impact for dismissing.	CAF starts a project, which includes a social diagnosis of its neighbours, the survey of social impacts and definition of a communication channel, which considers the participation of communities affected by or related to its forest activities (See CAR raised referring to Principle 4).
CAF collabourates with the municipality, donating timber, improving the conditions of local roads. And it also carries on a work on environmental education in partnership with local schools.	No response is required
EBDA wasn't identified as CAF stakeholder. Never received communication on the certification process of CAF and would like to know more and contributes, even without direct relation with organization (EBDA is related to agriculture).	RBA managers made a survey and begun contacting all the stakeholders. The company informed the audit team that there was not any intention to excluding any part.

Issue raised by others	Response
There are labour accidents and allergies involving the manipulation of agrochemicals in the region; may be they are related to CAF workers.	Workers exposed to agrochemical receive and use IPE's and undergo periodical examinations, as demanded by H & S policy and procedures. Accidents and incidents are registered and analysed and there is no record of accidents with agrochemicals. One isolated case was identified at RRD and it was cleared up. There is no objective evidence that this sort of accident happens in the company.
CAF has the premise to hire local services and local contractors and demands correction in payments. CAF brings many benefits to the region.	No response is required
The company has a great partnership with the school: donated the site to the construction of APAE, offered doors to the school, provides computer classes in partnership with SENAI, promotes a cultural agenda and has a project for adults learning.	No response is required

The company is aware of environmental conservation, is worried with prevention and fire fighting not only in its areas, as well as other areas of the municipality.	No response is required
The company has a good relationship with the community; however it is necessary to improve communication. Some citizens don't come to the company because don't know potentialities and opportunities.	Considered in a CAR raised during main assessment (Principle 4); actions are in process. This item was included under the action plan of Major CAR 3. The company established a system to keep regular contact with the community, in order to improve the relationship. It also made a survey of the communities, elaborated a specific plan to diagnose, through a participative way, the social impacts and the demands of neighbouring communities, which indicates integration, mobilization and interchange of information with the community.
Service providers are worried about the certification, because CAF will demand too much of them, and they won't be able to accomplish these demands. The contracts are pre-determined and CAF do not compensate the raising costs of production. Also, there is only a low percentage for investments, which make more difficult to the contractor to improve working conditions of his own workers.	Actions are in process. In May 2004 there was a readjustment in prices which included costs originated by the improvement of infrastructure in field and charcoal production units and other items demanded by forest certification standards.

7.4 Issues raised by Peer Reviewers

This report was reviewed by three independent peer reviewers. The following points were raised:

Peer Reviewer	Response
In Principles 6.1 and 8.2 there is no reference on potential impacts to the atmosphere due to the gas emission from the kilns (charcoal production), highlighting that community and some neighbour's complaint on the effects caused by the smoke. A suggestion to field workers is to take care of this issue, including indicators, which present studies and monitoring of the quality of the air in projects where gas liberation is verified as an effect of the processes. This can be included in Certification Standards, item P6. c 1.i1.(<i>Evaluations include studies about the fauna, flora... and quality of the air in projects with emission of gases</i>).	A new technology has been developed by CAF and Universidade Federal de Viçosa to reduce smoke from charcoal kilns. This process will be more environmental friendly and efficient. There are plans to implement new kilns using this technology, also to monitor smoke, gases and dusty.
In Principle 2.3 exists a legal pending about 5.023 ha not included in certification scope. The report says that there is no direct conflict between CAF and the people living in the invaded area. Also, the report informed that the issue has been solved by legal process. Even under this condition, in the future there may have conflicts with the final legal decision. An example of this possibility is: if the court decides on the reintegration of the area and this can generate conflicts with the people that are occupying the area. Therefore, even without any corrective action to this issue, it is important the monitoring of this situation and the observation of items P2.c4i1, i2 and i3.	It is included as an Observation on Principle 2.
Table 2 presented 172 ha in excess in the RNO region,	It was a mistake; the data were corrected in all

not accounted in the management area of this region. It is necessary to clarify the reason for this difference or register the correct data, if there were a mistake when the company presented the information.	report.
In principle 4.2 it is said that “ <i>there are records of accidents and statistics which allows the follow up and evaluation of the frequency and gravity of the accidents and that there are goal to be accomplished and institutional guidance</i> ”. However it is not in the report what are the evolution of the frequency rates and gravity of the accidents, which will permit an overview on the accident rates in the company.	Data from H&S programme were verified during the main assessment by SGS team. Copies of H&S reports area available, if necessary to, to provide evidence of the information reported.
In principle 6.4 it is said that “ <i>the fire events are recorded in the document “Relatório de Incêndio Florestal” – RIF (forest fire occurrence report), but there is no analysis about the evolution of the fires occurrences in plantation and conservation areas. This date would allow a more precise information about the fire monitoring system and control in FMU. And also quote with the information existing in Principle 6.5 that says “use of controlled burning in preparation of the soil is minimized and data from 2003 evidenced a trend in reducing use of fire</i> ”.	<p>In 2002, 28 fire events were recorded, totaling 1434,48 ha (881,39 ha of <i>Eucalyptus</i> and 553,09 ha of native vegetation). In 2003, 30 fire events were recorded, 1371,38 ha were burned (1086,58 ha of <i>Eucalyptus</i> and 284,8 ha of native vegetation). The region most affected in 2003 was RNO. CAF analyses each occurrence to improve preventive actions.</p> <p>About the use of fire as a silviculture practice, it has been minimized. CAF technical staff is searching for alternative methods, as verified during the main assessment. In RBA, RCO e RNO no fire is used, only in RRD it is applied, following controlled operations and legal requirements.</p>

Issue Raised by Peer Reviewer 2	Response
In 6.2, the report only informs the records of Environmental Educational Centre of RCO. Other regions, besides RCO, have centres attending schools or RCO is the only one?	The environmental education programme started in 1997 in RRD, involving IEF and schools from Dionísio, Marliéria and São José do Goiabal. As planned by CAF, the programme will cover RNO and RBA from 2005.
Other suggestion to make the report clearer and explain CARs raised.	The suggestions were accepted and incorporated into the text.

Issue Raised by Peer Reviewer 3	Response
Areas presented in the report need to be checked.	It was a mistake; the data were corrected in all report.
Clarification about “Operational Micro-planning” and “Operational Macro-planning” ¹ .	<p>“Operational Macro-planning”: is based on guidelines, covering all operations (from harvest to maintenance). Managers from the four regions use the same forms, adapted to their conditions.</p> <p>“Operational Micro-planning”: details the operations of planting at the level of “plot”. The responsible manager identifies all technical and environmental opportunities and problems for each site.</p>
How soil sample are collected?	The soil samples are collected following specific procedures. They used to collect 5 samples/20 hectares and from 2 classes of depth.
Ant control: is Sulfluramida in the FSC Prohibit Chemicals List? How the product is used and how containers are disposed?	It is not a prohibited chemical pesticide. The product is applied following technical procedures (defined by the responsible professional).

	See Principle 6.6 and 6.7 about disposal of containers and chemicals.
What is the phosphate used in the FMU? CAF has analyzed the presence of heavy metals (as Cadmium) in the phosphate?	The phosphate used is GAFSA. It is known that GAFSA phosphate has no heavy metals in its formula.
Clarification about irrigation in planting operation.	CAF has used a specific gel around the seedlings roots that allows the company to optimize the use of water for irrigation. It is used 800 ml of water/plant during planting and the irrigation is repeated 15-20 days after planting, depending on the weather. The gel composition is "acrilamida" that has a high capacity to store water.
Clarification about fertilizers used after planting. Has the company done any analyses to identify contaminants?	They are: NPK 06-30-06 1% de Zn, 0,7% de Cu, KCl 1% de B and Borogran 10%. The fertilizer analyses aims at identifying the percentage content of each element. There is no specific analyse for identification of contaminants. It will be included as an OBSERVATION.
What is the herbicide used in the FMU?	The product used is Glifosate. It is not prohibited by FSC Chemicals policy.
CAF Forest management unit occupies 53% of Dionísio Municipality area. Is not it a social impact?	There is a Major CAR raised about social impacts that includes this issue.
Other suggestion to make the report clearer and explain CAF activities (waste disposal, environmental education and H&S staff.	The suggestions were accepted and incorporated in the text.

8. STRENGTHS AND WEAKNESSES

8.1 Strengths

- Tradition and experience of the company in forest activity.
- Organizational Policies clearly defined and developed to all activities to include particularities and needs of each region where the forest management unit is located.
- Management by regional committee.
- Experienced and compromised management and technical team.
- Good relationship and interaction with government and local organizations.
- Response capability to perform corrective actions rose during certification process.

8.2 Weaknesses

5 Major Corrective Action Requests (MCARs) and 8 Minor CARs were raised during Main Assessment. These are detailed in the attached addendum VII - **Record of CARs**.

9. CERTIFICATION RECOMMENDATION

There being no Major Corrective Action Requests, the assessment team recommends certification of CAF Santa Barbara's forest management of *Eucalyptus* plantations, in Minas Gerais and Bahia, Brazil.

The outstanding Minor Corrective Action Requests do not preclude certification, but CAF Santa Bárbara is required to take the agreed actions before August, 2004. These will be verified by SGS QUALIFOR at the first surveillance to be carried out about 6 - 12 months from the date of the issuance of the certificate. If satisfactory actions have been taken the CARs will be 'closed out'; otherwise Minor CARs will be raised to Major CARs.

END OF PUBLIC SUMMARY



RECORD OF CARS

Project Nr:	7425-BR	Company Name:	CAF Santa Bárbara Ltda
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CAR #	FSC P&C	CAR DETAIL					
		Date Recorded>	Due Date>	Date Closed>			
01	1.1	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: Deve haver comprovação das providências tomadas e a serem encaminhadas, bem como seus prazos de execução, em casos de pendências administrativas ou jurídicas relativas às legislações florestal, ambiental, trabalhista e tributária.					
		Objective Evidence: Existem pendências que devem ter seu encaminhamento evidenciado e monitorado, como ação cível no Ministério Público do Trabalho referente à terceirização de suas operações (a ação ainda não transitou em julgado), o detalhamento das etapas que serão seguidas para licenciamento das cascalheiras, requerimento de outorga para captação de água e licenciamento ambiental para o empreendimento florestal. Deve haver um sistema que permita registrar e acompanhar pendências futuras.					
		Close-out evidence:					
02	4.2	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: Deve haver um sistema de gestão de saúde e segurança que permita identificar riscos e medidas preventivas e procedimentos, desde o planejamento até a supervisão das operações florestais. Devem ser garantidas condições adequadas de alimentação, acomodação e comunicação nos locais de trabalho.					
		Objective Evidence: Não há evidência de que a empresa garanta que a alimentação dos trabalhadores esteja adequada às exigências de esforços, em função das atividades desempenhadas. O sistema de monitoramento de saúde e segurança de trabalhadores florestais não abrange o cumprimento de todos os requisitos do Princípio 4, critério 2, por exemplo, foram encontradas evidências de que , em alguns casos, não há garantia de condições adequadas de acomodação para trabalhadores alojados durante a semana; não há comunicação e transporte para trabalhadores noturnos e há omissão de comunicação de acidentes de trabalho por parte dos prestadores de serviços.					
		Close-out evidence:					

CAR #	FSC P&C	CAR DETAIL					
		Date Recorded>		Due Date>		Date Closed>	
M03	4.4 e 4.6	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	2004/08/06
		Non-Conformance: o planejamento e a implantação de atividades de manejo florestal devem incorporar os resultados de avaliações de impacto social. Devem ser mantidos processos de consulta com as pessoas e grupos diretamente afetados pelas operações de manejo florestal.					
		Objective Evidence: Existem algumas diretrizes institucionais que incluem levantamento de impacto social, porém não foram transformadas em projetos e não há resultados da avaliação de impactos sociais incorporados no Plano de Manejo. não há evidências de que os programas sociais implementados estejam considerando as demandas locais.					
		Close-out evidence: A empresa está desenvolvendo pessoal próprio com apoio de especialistas, para atuar na avaliação de impactos sociais e nas relações com as partes interessadas. Foi detalhado um plano de ação, cujas atividades tiveram início em fevereiro de 2004 (descrito no documento "Evolução do diagnóstico de impactos sociais", julho de 2004). Evidências da implantação das ações foram apresentadas na reunião de encerramento das CARs Maiores. A Car foi encerrada e foi levantada a CAR menor 14 para acompanhar a continuidade do programa.					
04	4.8/4.12	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: Os trabalhadores devem ter remuneração no mínimo compatível com a média do mercado da região, de acordo com a atividade produtiva realizada. devem ser empreendidos esforços para minimizar diferenças entre os trabalhadores próprios e de terceiros e evitar a precarização das condições de trabalho.					
		Objective Evidence: Existem diferenças entre os prestadores de serviço da CAF quanto à remuneração. O pagamento considerando o registro de um salário fixo e um adicional de produtividade ocorre em atividades de colheita e carbonização. A empresa realizou um diagnóstico e elaborou um plano de ação para regularizar a situação a partir de março de 2004. A implantação desse plano e seus resultados serão verificados na visita de monitoramento.					
		Close-out evidence:					
05	6.2.3 6.2.5	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: Devem existir medidas para proteger as espécies raras e as ameaçadas de extinção, bem como seus habitats. Devem ser estabelecidas zonas de proteção e conservação.					
		Objective Evidence: Foram realizados alguns estudos sobre os ecossistemas naturais e fauna existentes em áreas da CAF. Entretanto, faltam informações obtidas de levantamentos que abrangem todas as regiões e a incorporação de resultados nas estratégias de conservação.					
		Close-out evidence:					
06	6.3.3	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: As funções ecológicas das áreas destinadas à conservação (regeneração, sucessão, diversidade e ciclos naturais) são mantidas e onde apropriado, existe um programa para a restauração nas áreas degradadas.					
		Objective Evidence: Não há identificação, planejamento e implementação de ações para áreas que necessitam de recuperação na RCO.					
		Close-out evidence:					

CAR #	FSC P&C	CAR DETAIL					
		Date Recorded>		Due Date>		Date Closed>	
07	6.4.3	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: As áreas destinadas à conservação, Reserva Legal e Área de Preservação Permanente devem representar ecossistemas de ocorrência natural na região.					
		Objective Evidence: Verificou-se nas diferentes regiões a presença de eucalipto nas áreas de APP e RL. Não há uma quantificação e caracterização dessas áreas em relação à representatividade dos ecossistemas naturais da região e seus desdobramentos em ações que visem aumentar a diversidade na UMF.					
		Close-out evidence:					
M08	6.6.2	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	2004/07/08
		Non-Conformance: Produtos químicos proibidos pelo FSC não devem ser utilizados na UMF					
		Objective Evidence: Os registros indicam que o herbicida <i>oxyfluorfen</i> foi utilizado em 2003 na RRD. Foi verificado o estoque desse herbicida no depósito de químicos da Fazenda Ponte Alta (RRD).					
		Close-out evidence: A empresa tomou a decisão de interromper o uso do herbicida até que o FSC Internacional se posicione sobre o caso. Estão sendo testadas alternativas para substituição do produto. Verificou-se que não há mais produto em estoque nem pedidos de compra do mesmo.					
09	7.4.1 e 7.4.2	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: O resumo público do plano de manejo deve estar disponível para consulta pública. Entidades representativas conhecem ou sabem da existência desse resumo.					
		Objective Evidence: Foi preparado um resumo público do plano de manejo que estará disponível na internet a partir de 09 de fevereiro de 2004. Várias partes interessadas contatadas durante a consulta pública desconheciam a existência desse resumo.					
		Close-out evidence:					
M 10	8.2.3; 8.2.4; 10.8.1	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	2004/08/06
		Non-Conformance: Os indicadores de impactos ambientais e sociais decorrentes das operações florestais devem ser definidos e monitorados.					
		Objective Evidence: Existem indicadores de desempenho ambiental definidos, entretanto não abrangeram aspectos relevantes relacionados ao manejo florestal, como por exemplo, monitoramento dos impactos do manejo florestal sobre bacias hidrográficas, mudanças observadas na flora e fauna. Não foram definidos os indicadores sociais, resultantes de uma avaliação de impactos sociais.					

CAR #	FSC P&C	CAR DETAIL
		<p>Close-out evidence: O programa de monitoramento foi revisado, incluindo os indicadores requeridos pelos padrões ("Aplicação de indicadores de desempenho na avaliação da sustentabilidade de florestas plantadas", CAF, julho de 2004) para avaliar seu desempenho legal, ambiental, social e operacional. Adicionalmente, foram apresentados os seguintes projetos, que darão suporte ao programa de monitoramento:</p> <ul style="list-style-type: none"> - Conceitos e metodologia para o monitoramento de microbacias hidrográficas (IPEF/REMAM, julho de 2004) - Plano de estudo e monitoramento da fauna em áreas da CAF (Manejo Instituto de Pesquisa Ambiental, agosto de 2004) - Plano de monitoramento de remanescentes de vegetação e de espécies de plantas vulneráveis ou ameaçadas de extinção na CAF Santa Bárbara (SIF, julho de 2004). <p>Os projetos encontram-se detalhados (metodologia, equipe responsável, resultados esperados) e sua realização foi aprovada pela diretoria da CAF. A CAR foi encerrada e aberta a CAR Menor 15 para acompanhar a implementação e os resultados do programa.</p>

CAR #	FSC P&C	CAR DETAIL					
M 11	8.5	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	2004/08/06
		Non-Conformance: Devem existir resumos regulares e análises dos resultados do monitoramento disponíveis ao público.					
		Objective Evidence: Não há resumo público do monitoramento ambiental, social e operacional disponível às partes interessadas.					
		Close-out evidence: Foi preparado um resumo para ser disponibilizado ao público, se solicitado. No website da CAF (www.caf.ind.br) no link "Meio Ambiente", é possível acessar os indicadores de desempenho e informações sobre como obter o resumo do monitoramento.					
M 12	9.1; 9.2; 9.3; 9.4	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	2004/07/08
		Non-Conformance: Atividades de manejo em florestas de alto valor de conservação devem manter ou aumentar os atributos que definem essas áreas. Decisões relativas a essas áreas devem ser consideradas em uma abordagem de precaução. As áreas devem ser avaliadas e prescrições devem ser feitas por meio de um processo de consulta às partes interessadas. Os atributos de conservação devem estar descritos e devem ser considerados no planejamento das atividades de manejo. Deve haver monitoramento da efetividade das medidas implementadas.					
		Objective Evidence: A parte consultiva do processo de certificação e as visitas de campo indicaram a presença de atributos de alto valor de conservação em áreas da empresa. Não foi efetuada uma avaliação para determinar a presença de atributos de alto valor de conservação na unidade de manejo florestal em processo consultivo com órgãos regulatórios, organizações, instituições de pesquisa e comunidade. Esses atributos não estão identificados e considerados no plano de manejo, conforme requeridos pelos critérios do Princípio 9.					
		Close-out evidence: foi utilizado o "Tool kit for HCVF" (Proforest, 2002) como referência para identificação de florestas de alto valor de conservação nas quatro regiões da CAF. Foram consultadas as organizações locais e suas observações foram utilizadas na definição das áreas. A partir do diagnóstico, foram estabelecidas ações gerais para manutenção de atributos identificados. A CAR foi encerrada e aberta a CAR Menor 16 para acompanhar o plano de monitoramento para FAVC.					
13	10.2.2	Date Recorded>	2004/02/09	Due Date>	2004/08/09	Date Closed>	
		Non-Conformance: O desenho e a disposição física das plantações devem promover a proteção, restauração e conservação de florestas naturais. O manejo deve considerar o planejamento e a implantação de ações que favoreçam a conectividade entre os fragmentos de ecossistemas naturais.					

CAR #	FSC P&C	CAR DETAIL					
		Objective Evidence: Foram definidas área de reserva na RCO, de maneira fragmentada, conforme verificado em mapas e no campo					
		Close-out evidence:					
14	4.4	Date Recorded>	2004/08/06	Due Date>	2005/02/06	Date Closed>	
		Non-Conformance: os padrões requerem que os resultados da avaliação de impactos sociais sejam incorporados ao planejamento e execução das atividades de manejo florestal.					
		Objective Evidence: A CAF está realizando um diagnóstico social para traçar novas estratégias e rever seus atuais programas sociais. As atividades estão em andamento e sua execução e seus resultados deverão ser monitorados.					
		Close-out evidence:					
15	8.2	Date Recorded>	2004/08/06	Due Date>	2005/02/06	Date Closed>	
		Non-Conformance: Os padrões requerem que as atividades de manejo incluam a pesquisa e a coleta de dados necessários para monitorar seu desempenho social, ambiental e econômico.					
		Objective Evidence: Os projetos básicos de suporte ao programa de monitoramento encontram-se detalhados (metodologia, equipe responsável, resultados esperados) e estão em fase inicial de implantação. A implementação e os resultados do programa deverão ser acompanhados.					
		Close-out evidence:					
16	9.4	Date Recorded>	2004/07/08	Due Date>	2005/01/07	Date Closed>	
		Non-Conformance: Os padrões requerem que a manutenção e/ou a melhoria dos atributos de florestas de alto valor de conservação (FAVC) sejam monitorados.					
		Objective Evidence: A CAF concluiu a identificação das áreas consideradas como FAVC e está iniciando um programa de monitoramento em que estão incluídos indicadores ambientais e sociais. A realização desse programa, abrangendo os indicadores para FAVC, deverá ser acompanhada.					
		Close-out evidence:					



SGS QUALIFOR
(Associated Documents)

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SITE VISIT RECORD

Project Nr:	7425-BR	Company Name:	CAF Santa Bárbara Ltda			
Site Name	Main Assessment	Surveillance 01	Surveillance 02	Surveillance 03	Surveillance 04	
	(2004/02/02)	Insert date (yy/mm/dd)	Insert date (yy/mm/dd)	Insert date (yy/mm/dd)	Insert date (yy/mm/dd)	
Escritório regional de Dionísio (RRD)	X					
Depósito de insumos e de agrotóxicos (Ponte Alta, RRD)	X					
Viveiro (RRD)	X					
Área de pecuária (Baixa Verde, RRD)	X					
Área de parceria agrícola (RRD)	X					
Planta de carbonização da UGB Requerente (RRD)	X					
UGB Requerente, lote 988-D (RRD)	X					
UGB Mumbaça 122/2003 (RRD)	X					
UGB Mumbaça 69/2004	X					
UGB Mumbaça 119/2003 (RRD)	X					
Escritório regional de Teixeira de Freitas (RBA)	X					
UGB Três Rios (RBA)	X					
UGB Palhal (RBA)	X					
Escritório regional de Martinho Campos (RCO)	X					
UGB Abaeté (RCO)	X					
UGB Garça (RCO)	X					
UGB Extrema (RCO)	X					
UGB Estiva (RCO)	X					
Escritório regional de Carbonita (RNO)	X					
UGB Diamante (RNO)	X					
UGB Forquilha (RNO)	X					
UGB Ticó (RNO)	X					