FSC Certification System

Certification Public Report
Forest Management Certification

Report finalisation date: 28 August 2014

International Paper do Brasil LTDA.

Forest location(s): Patrocinio Paulista, Altimópolis, Brodowski, Serra Azul, São Simão, Santa Rosa do Viterbo, Guatapará, Luis Antônio, Santa Rita do Passa Quatro, Tambaú, Araraquara, Ibaté, Ribeirão Bonito, Brotas, Casa Branca, Vargem Grande do Sul, São João da Boa Vista, Águaí, Espírito Santo do Pinhal, Estiva Gerbi, Mogi-Guaçu, Conchal, Mogi Mirim, Cajuru, São Carlos, Franca e Arthur Nogueira, Estado de São Paulo e Câssia e Pratápolis, Estado de Minas Gerais - Brasil

Manager office address: Rodovia SP 340
Postal code: 13840-970 - Town: Mogi-Guaçu - SP - Country: Brazil
Contact Person: Robson Laprovitera (Robson.Laprovitera@ipaperbr.com)

Bureau Veritas Certification

60 avenue du Général de Gaulle - 92046 Paris - La Défense Cedex - FRANCE
Tel: + 33 1 41 97 02 05 - Fax: + 33 1 41 97 02 04
www.bureauveritas.com/certification
Contact Person for Brazil: Maria Augusta Godoy (maria.godoy@br.bureauveritas.com)
Contact Person for other countries: Melani Potts (melani.potts@us.bureauveritas.com)

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1 - Summary

Bureau Veritas Certification (BV) is a certification body accredited by the Forest Stewardship Council (FSC), and is currently in charge to carry out annual audit procedures annually for the next 5 years at International Paper do Brasil Ltda. These audits are performed in order to evaluate activities related to the forest management according to FSC Principles and Criteria.

International Paper do Brasil Ltda is focused on the provision of timber coming from forests of Eucalyptus spp. for the supply of pulp and paper plants and includes seed production and hybrid clones of Eucalyptus spp. It is also part of their activities: seeds production, planting, maintenance, harvesting and timber transportation. The scope of the Certification comprises 88,688 ha within 94 Forest Management Units.

The Pre and Initial Audit performed by BV auditors were based on the adaptation from BV FSC FM generic standard, RF03 FSC FM referential - version 3.3, including indicators that best portray the national reality. The adaptation was made only for plantation certification. The standard was submitted for the approval of the National Initiative, researchers attached to universities, research institutes, environmental agencies, NGOs, Environmental and Social Workers Unions and other stakeholders.

The audit team has evaluated all requirements of the standard and verified that International Paper do Brasil Ltda met the requirements in its management units. Although 7 (seven) Minor Corrective Actions were raised, the management system is being implemented consistently over the areas covered by the scope of the certificate. Three Major Corrective Actions were raised by the Certification Committee and a complementary audit was performed to assess the compliance with FSC Principle and Criteria. These 3 (three) Corrective Actions were closed before the issue of the certificate.

This public report summarizes the information presented in the initial audit report and presents the auditors observation collected during field assessments, as well as the results of the public consultation.

2 - Legislative, administrative and statutory context

In order to be implemented, legal claims of any management unit need environmental licensing procedures from competent bodies, from which demands for environmental studies are required for determination of mitigation actions.

Lawful possession of land is required or even concession or lease agreements.

The settlement follows rules laid down by federal law implemented by INCRA (National Institute of Colonization and Agrarian Reform). Environmental licensing for the implementation of forestry projects follow the Forest Code, established in the federation by the Brazilian Institute of Environment and Renewable Natural Resources, an agency linked
to the Ministry of Environment (MMA). Actions in the State of São Paulo are linked to the Secretary of State for the Environment, which grants CETESB (Environmental Sanitation Technology Company) the licensing power. Forest licensing for exotic planting is not required in the State of São Paulo.

Matters related to the use of water resources, such as grants for water use, are regulated at the federal level by the Secretary of Water Resources and Urban Environment, autarchy connected to MMA. At the State level, it is DAEE’s (Department of Water and Power of the State of São Paulo) jurisdiction.

3 - Description of forest management

3.1 - Description of the forest, its history and regional context

3.1.1 - General description and identification

a) Forest Management company / owner: INTERNATIONAL PAPER DO BRASIL LTDA.
Address: Rodovia SP 340, km. 171
Postal code: 13840-970
Town: Mogi-Guaçu - SP
Country: BRAZIL
Legal status: active
Legal Identification code: 52.736.949/0001-58
Telephone: + 55 19 3861 8278
Fax: + 55 19 3861 8210
e-mail: Robson.Laprovitera@ipaperbr.com
Web site: www.internationalpaper.com
Employees number: 2590
Annual turnover: confidential

President of the Forest Management company: Mrs. Jean Michel Ribieras
Manager of the Forest Management company: Mr. Armando Storm Santiago
Contact person (responsible for FSC certification): Mr. Robson Oliveira Laprovitera
FSC trademark responsible: Mr. Robson Laprovitera

b) Activity
Type: Production and supply of logs of wood coming from forests of *Eucalyptus spp.* for the supply of factories of the pulp and paper group, including the activities of seed production and hybrid clones of eucalyptus, planting, maintenance, harvesting and transporting of timber.

Detailed activity: International Paper Company was created in 1898. Recently, the absorption of the companies Union Camp (1999) and Champion International
(2000), created the largest paper and forest products company in the world. Nowadays, International Paper is a global leader, has over 65,000 employees.

The International Paper’s global administration is located in Memphs, Tennessee. The company operates in 20 countries of the Americas, Europe and Asia, and exports to over 120 countries.

The company started its activities in Brazil in 1960, with the acquisition of Panamericana Têxtil’s shareholding control. The pulp and paper plant was implemented in the city of Mogi-Guaçu-SP. The acquisition of Champion International Corp. by International Paper Co. on June 19, 2000 promoted, in October 2000, the change in the corporate name from Champion Papel e Celulose Ltda. to International Paper do Brasil Ltda.

**International Paper has two business areas in Brazil:**
- **Pulp and Paper Business Area** - Involves Units of Printing and Writing Paper, with Pulp and Paper Plants located in Mogi-Guaçu and Luiz Antônio (SP). In addition, the Company has another Paper Plant in Três Lagoas (MS), which produce white and colored uncoated papers.

- **Forest Area** - Responsible for the wood supply of International Paper do Brasil’s factories and for the management of all of the company’s forest operations. It has an advanced research and forest development center, with laboratories and researchers in the most various specialties, aiming at improving quality and productivity of forests and protecting the environment, contributing for International Paper to have an important role in the forestry sector.

International Paper in Brazil is currently employing approximately 2,590 people in its units, and supports the communities where they work or live in.

In total, the company has around 102,000 ha of land, 72,000 ha of eucalyptus plantation and 25,000 ha for nature conservation. Additionally, the company has 12,112 ha under rental agreements for plantation purposes. The company's properties are located in 03 administrative regions: Region I, II (São Paulo State) and III (São Paulo and Minas State).
The management unit has the following management structure:
- Forestry Director (Armando Santiago)
- Reforestation Manager (Valdemir Brunheroto)
- Forest Harvesting Manager (Eduardo Possamai)
- R&D Forestry Manager (Luis Fernando Silva)
- Forest Planning and Inventory Manager (Fabiano Rodrigues)
- Sustainability and Management Systems Manager (Robson Laprovitera).

**Forest logging authorized company name:** INTERNATIONAL PAPER DO BRASIL LTDA.

- **Address:** Rodovia SP 340, km. 171
- **Postal code:** 13840-970
- **Town:** Mogi-Guaçu - SP
- **Country:** BRAZIL
- **Legal status:** active
- **Legal Identification code:** 52.736.949/0001-58
- **Telephone:** + 55 19 3861 8278
- **Fax:** + 55 19 3861 8210
- **e-mail:** Robson.Laprovitera@ipaperbr.com
- **Web site:** www.internationalpaper.com

- **Employees number:** 2590 (Factory + management unit)
- **Employees number:** 1350 (management unit)
- **Annual turnover:** confidential
- **Forest workers number (including contractors):** (350 hired and 1000 subcontractors)

**President of the Forest Management company:** Mrs. Jean Michel Ribieras
**Manager of the Forest Management company:** Mr. Armando Storm Santiago
**Contact person (responsible for FSC certification):** Mr. Robson Oliveira Laprovitera
**FSC trademark responsible:** Mr. Robson Laprovitera

**Activity**
- **Type:** Idem item Forest Management company / owner
- **Detailed activity:** Idem item Forest Management company / owner

c** Forest ownership:**

The company owns 101,343 ha of land divided in 97 FMUs and manages 12,112 ha under rental agreements, which are not included in the scope of the certification, but the activities are performed with the same principles as their own lands. Nevertheless, the company has decided to remove from the scope of the FSC certificate 3 independent FMUs (12,557 ha) of its own, as detailed bellow. In this regard, the total area to be included in the certification scope is 88,688 ha.
In the case of these 3 properties under the company’s ownership (Horto Gramado, Horto Santa Fe A, and Horto Santa Terezinha), the company has decided to exclude these properties from the scope of the certificate due to the fact that they contain research plots with genetically modified Eucalyptus. In total, there are approximately 32 ha of non commercial GMOs research plots in 3 FMUs, aiming to reduce lignin and increase the amount of cellulose in the plant tissues. These 3 FMUs not included in the scope of the certificate constitute of 12,557 ha, as showed in the Table 1. These FMUs are located in Region I (Brotas e Mogi Guaçu) and II (São Simão).

Table 1: Overview of the areas excluded of the scope of FSC certification.

<table>
<thead>
<tr>
<th>FMU</th>
<th>Total (ha)</th>
<th>Plantation area (ha)</th>
<th>Conservation area (ha)</th>
<th>Others – roads, infrastructure (ha)</th>
<th>GMO research area (ha)</th>
<th>FAVCs (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horto Santa Terezinha</td>
<td>3,420</td>
<td>2,667</td>
<td>644</td>
<td>101</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Horto Santa Fé A</td>
<td>3,547</td>
<td>2,552</td>
<td>786</td>
<td>189</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Horto Gramado</td>
<td>5,590</td>
<td>4,118</td>
<td>1,189</td>
<td>279</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,557</strong></td>
<td><strong>9,337</strong></td>
<td><strong>2,619</strong></td>
<td><strong>569</strong></td>
<td><strong>32</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

There are physical barriers to control the dissemination of the plant and monitoring is being performed according to CTNBio recommendations. By the end of the research program, all trees and remanants will be harvested and incinerated.

The conclusion of the audit team is that the management of these areas does not implicate with the company’s demonstration of a long-term commitment to accomplish to the FSC P&C (Criterion 1.6) due to:

- The company has also committed (and formally written) not to use any of the material produced for commercial use. All material harvested for research purposes has been and will be burnt.
- Research areas are very small (8ha, 3,92ha and 20ha), limited, included within much larger areas and well-controlled. The main objectives of these research plots are to identify and select genetically modified trees of Eucalyptus sp., in order to reduce the use of chemicals, by increasing the fiber content and lowering content of lignin in wood, in order to improve the process yield pulp production in same process.
- In each one of the research plots, the company had appropriate legal authorization and they were operating in compliance with all legal requirements: establishment of buffer zones when required, monitoring, burning of material, etc. The audit team visited some of these areas.

Bureau Veritas Certification’ audit team evaluated the situation through field visits and scrutinized this issue with the company, requesting documents and evidences, and came to the conclusion that the research in question does not compromise the long-term commitment with FSC P&C.

Thus, in order to comply with FSC policy on genetically modified organisms (FSC-POL-30-602) and on the FSC policy on partial certification (FSC-POL-20-002), the
total area of the FMUs containing these research plots were not included in the scope of the certificate; consequently, IP is applying for a Partial Certification.

The non forestry activities undertaken by the company include an industrial pulp and paper plant, as well as low scale mining activities for road construction or nursery. In a few FMUs, the Company allows the local community to use the plantation areas for honey production. This is considered a low impact activity, and does not jeopardize the compliance of FSC P&C.

d) Description of legal ownership and usages applicable to forests and land constituting part of the auditor's field of applicable(coverage)

Summary of legal ownership of the organisation in question:

Summary of legal ownership and customary right (legal and traditional) of the various parties other than the applicant organisation:

Summary of non forestry activities carried out in the evaluated forest be they undertaken by the certified organisation or any other party:

The company owns 101,343 ha of land divided in 97 FMUs and manages 12,112 ha under rental agreements, which are not included in the scope of the certification. The company has decided to remove from the scope of the FSC certificate 3 independent FMUs (12,557 ha) of its own. In this regard, the total area to be included in the certification scope is 88,688 ha (62,515 ha of plantation areas and 21,721 ha of conservation areas).

A third party has inquired where a shareholder from Santa Rita do Passaquatro municipality has considered himself damaged in a process of land acquisition by IP. The proceeding is related to the use of 22 ha by IP, and was carried out by judicial means. Such a formal complaint was assessed by the audit team, who requested from the company managers documents to demonstrate the legal and complication-free purchase of the aforementioned land. Documents have been revised and with information on the repossession process by the company have been demonstrated and granted by the Government. All evidences were given to the audit team.

According to the company, any other land dispute, are identified and treated by judicial means, transparently and strictly within the law.

Other non forestry activities undertaken within the area evaluated is related to honey production (used by some members of the community) and eventual mining to obtain raw material for road maintenance.

There was no event of customary uses by people located in the surrounding areas of the management units.

3.1.2 - Description of forest stand
a) Forest(s) description

Type of forest: subtropical, tropical

List of main wood species, particularly commercialised species and other species integrated in the field of application or coverage of the certificate (botanical and common appellation):

Common name Scientific name
Eucalyptus   E. grandis,
Eucalyptus   E. urophylla,
Eucalyptus   E. camaldulensis,
Eucalyptus   E. tereticornis,
Eucalyptus   E. globulus

Hybrids of eucaliptus grandis x eucaliptus urophylla prevails in the field.

Dominating forest stand composition: hardwood

Location of the forest: Regional 1

- Latitude E/W: 22 degrees 19 minutes
- Longitude N/S: 46 degrees 58 minutes
- Total audited forest area: 30,530 ha, of which is:
  - privately managed: 30,350 ha
  - state managed: 0 ha
  - community managed: 0 ha
- timber production forest: 21,293 ha
- classified as "plantation": 21.293 ha (own lands)
- regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems: 21.293 ha
- regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems: 0 ha
- others (roads, infra-structure, etc): 1,894 ha
- forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives: 7,163 ha
- the production of NTFPs or services: 0 ha
- forest classified as "high conservation value forest": 1,109 ha

Location of the forest: Regional 2

- Latitude E/W: 21 degrees 35 minutes
- Longitude N/S: 47 degrees 25 minutes
- Total audited forest area: 37,687 ha, of which is:
  - privately managed: 37,687 ha
  - state managed: 0 ha
  - community managed: 0 ha

- timber production forest: 28,044 ha
  - classified as "plantation": 28,044 ha
    - regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems: 28,044 ha
    - regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems: 0 ha
    - others (roads, infra-structure, etc): 1,684 ha

- forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives: 7,958 ha
  - the production of NTFPs or services: 0 ha
  - forest classified as "high conservation value forest": 4,859.33 ha

**Location of the forest: Regional 3**
- Latitude E/W: 20 degrees 51 minutes
- Longitude N/S: 47 degrees 16 minutes
- Total audited forest area: 20,651 ha, of which is:
  - privately managed: 20,651 ha
  - state managed: 0 ha
  - community managed: 0 ha

- timber production forest: 13,178 ha
  - classified as "plantation": 13,178 ha
    - regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems: 13,178 ha
    - regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems: 0 ha
    - others (roads, infra-structure, etc): 874 ha

- forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives: 6,600 ha
  - the production of NTFPs or services: 0 ha
  - forest classified as "high conservation value forest": 2,016.26 ha

b) List of high conservation values present

IP has identified 5 types of High Conservation Values, as follows:

**HCV 1.1 - Globally, regionally or nationally significant concentrations of biodiversity values – Protected Areas.** – HCV identified for HCVF São Marcelo.
HCV 1.2 - Globally, regionally or nationally significant concentrations of biodiversity values – Threatened and endangered species – HCV identified for both HCVF Cara Preta and HCVF Dois Córregos.

HCV 1.3 - Globally, regionally or nationally significant concentrations of biodiversity values – Endemic species – HCV identified for HCVF Águas Virtuosas.

HCV 3 - Forest areas that are in or contain rare, threatened or endangered ecosystems - HCV identified for HCVF Águas Virtuosas.

HCV 4.1: Forest areas that provide basic services of nature in critical situations - Forests critical to water catchments - HCV identified for HCVF Florestas das Águas Perenes.

HCV 2, 5 and 6 were not identified within IP areas.

List of chemical pesticides used within the forest area, and reason for use:

<table>
<thead>
<tr>
<th>Commercial Name</th>
<th>Active Ingredient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actara 250 WG</td>
<td>Thiamethoxan</td>
</tr>
<tr>
<td>Agrimaicin 500</td>
<td>Oxytetracycline + copper sulphate</td>
</tr>
<tr>
<td>Aliette</td>
<td>Ethyl phosphonates</td>
</tr>
<tr>
<td>Amistar 500 WG</td>
<td>Azoxystrobin</td>
</tr>
<tr>
<td>Bion 500 WG</td>
<td>Acibenzolar-S-methyl</td>
</tr>
<tr>
<td>Cercobin 700 WP</td>
<td>Thiophanate-methyl</td>
</tr>
<tr>
<td>Cobre Sandoz BR</td>
<td>Cuprous oxide</td>
</tr>
<tr>
<td>Collis</td>
<td>Boscalida + Cresoxim-metílico</td>
</tr>
<tr>
<td>Derosal 500 SC</td>
<td>Carbedazin</td>
</tr>
<tr>
<td>Derosal Plus</td>
<td>Carbedazin + Thiran</td>
</tr>
<tr>
<td>Dipel</td>
<td>Bacillus thuringiensis</td>
</tr>
<tr>
<td>Dipel PM</td>
<td>Bacillus thuringiensis</td>
</tr>
<tr>
<td>Euparen M 500PM</td>
<td>Tolifluan</td>
</tr>
<tr>
<td>Follicur 200 CE</td>
<td>Tebuconazole</td>
</tr>
<tr>
<td>Hokko Kasumin</td>
<td>Kasugamycin</td>
</tr>
<tr>
<td>Monceren 250 SC</td>
<td>Pencicurom</td>
</tr>
<tr>
<td>Mycoshield</td>
<td>Oxytetracycline</td>
</tr>
<tr>
<td>Orthocide 500</td>
<td>Captan</td>
</tr>
<tr>
<td>Recop</td>
<td>Copper oxychloride</td>
</tr>
<tr>
<td>Ridomil</td>
<td>Metalaxyl-M e Mancozebe</td>
</tr>
<tr>
<td>Rovral SC</td>
<td>Iprodione</td>
</tr>
<tr>
<td>Rubigan 120 CE</td>
<td>Fenarimol</td>
</tr>
<tr>
<td>Rubigan 120 CE</td>
<td>Fenarimol</td>
</tr>
<tr>
<td>Savey PM</td>
<td>Hexythiazox</td>
</tr>
<tr>
<td>Vertimec 18 CE</td>
<td>Abamectin</td>
</tr>
<tr>
<td>Fordor 750 WG</td>
<td>Isoxaflutole</td>
</tr>
<tr>
<td>Scout</td>
<td>Glyphosate</td>
</tr>
<tr>
<td>Roundup</td>
<td>Glyphosate</td>
</tr>
<tr>
<td>Glifosato Fersol 480</td>
<td>Glyphosate</td>
</tr>
</tbody>
</table>
Atta-Mex  Sulfuramid*  
Mirex S  Sulfuramid*  
Dinagro-S  Sulfuramid*  
Evidence 700 WG  Imidacloprid  

* Products listed on the list of considered prohibited by the FSC pesticides, but the company has been granted of a temporary pesticide derogation from FSC.

c) List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products:

Logs of eucalyptus (species and hybrids listed earlier in this report) sent to the factory for pulp and paper production.

3.1.3 - Sampling and production

Not applicable

3.1.4 - Type of candidature for certification

Type of certificate: Multiple FMU
Normal
Total number of FMUs in the certificate scope: 94
Number of FMUs and forest area in scope that are:
- less than 100 ha: 0 FMU that is 0 ha;
- from 100 to 1000 ha: 0 FMU that is 0 ha;
- from 1000 to 10 000 ha: 0 FMU that is 0 ha;
- more than 10 000 ha in area: 94 FMU that is 88,688 ha;
  meeting the eligibility criteria as SLIMF: 0 FMU that is 0 ha.

3.2 - General description of the management system

3.2.1 - Management principle:

Forestry principles:

International Paper has developed its commercial plantations based primarily on the breeding of hybrids of the species Eucalyptus grandis x Eucalyptus urophylla, which nowadays reach 42 m³/ha/year average annual increments.

The whole research system for the various stages of production of the Company is designed by specialized technicians and researchers, but agreements with researchers and consultants from research institutions, such as public or private universities, foundations and institutes are kept.

All the production of seedlings used for planting is done in specific nursery, with hybrids developed by the company.

In soil preparation, minimum tillage for further seedlings planting is used, these should be harvested in 7 years, harvested and brought to the edges of the stands...
and piled mechanically. Logs of wood are transported by truck and taken to the log yards of the pulp and paper mills in Mogi-Guaçu and Luiz Antônio.

After harvesting, plantations can have their coppicing conducted, or the genetic material replaced by another more productive or adapted to that site genetic material.

*Putting in place and management objectives:*

Ensure the sustainable production of wood for the supply of pulp and paper producing units, valuing the rational use of forest resources, the conservation of natural ecosystems and the sustainability of the forestry business in the long, medium and short term.

### 3.3 - Summary of the management plan

Efficiency regards to the forest history: The forest management of the company comprises operational activities, operational support and research and development, as follows:

- Selection of tree species:
  The breeding program of the company has been started in the 60s, with the import of *Eucalyptus* seeds from Australia to breed base improvement populations. Among the over 600 species of *Eucalyptus*, the company has chosen to work more intensively with the species *E. grandis* and *E. urophylla*, due to greater growth potential of *E. grandis*, greater adaptability of *E. urophylla* to adverse soil and climatic conditions and the possibility of breeding hybrids between these two species and, thus, combine the growth potential of *E. grandis* with the adaptability of *E. urophylla* in a single material through orchards of seed production, and subsequently through vegetative propagation. More recently, the species *E. camaldulensis*, *E. tereticornis* and *E. globulus* have been introduced in the breeding program of International Paper. The first two, aiming at providing hybrids of *E. grandis* x *E. urophylla* with increased tolerance to drought and sandy soils, while *E. globulus* aims at encouraging improvements in the quality of wood for pulp and paper production. The combination strategy of these species is being performed by synthetic populations, in which hybrids of *E. grandis* x *E. tereticornis* / *E. camaldulensis* and *E. urophylla* x *E. globulus* are being bred. After this step, simple hybrids will be recombined, thereby generating hybrids composed by 4 species, i.e. (*E. grandis* x *E. tereticornis* / *E. camaldulensis*) x (*E. urophylla* x *E. globulus*). In the future, the introduction of another species, *E. pellita*, is expected, in order to add greater disease tolerance to genetic materials that compose the current breeding populations.

- Conduction of Continuous Forest Inventory:
  The Continuous Forest Inventory main goal is to monitor the growth of eucalyptus forests and generate reliable estimates for the current stock of wood and for the production in future years. Species used in the plantations are carefully selected by the breeding program developed by the company, according to site, production and adaptability. This information is the basis for strategic planning of the supply of
Mogi-Guaçu and Luis Antônio units. Data collection is done by sampling, with the intensity of 1 plot of 400m² for every 12 ha of planted forest. Measurements are performed at years 2, 4 and 6 as from the forest’s planting date. At the last measurement before the clearcutting, i.e., age 6, it is used the sampling intensity of 1 plot every 6 ha. Such increase in the number of plots before clearcutting ensures greater reliability of volume estimates generated for the harvest date.

Data are collected by measuring the DBH (diameter at breast height) and the height of the trees in the plot. Once the field information is collected, the data is imported into the database and calculated using the Forest Inventory System. Dozens of mathematical equations that, as from the inventory parcel data, generate estimates of volume on the data collection date and also for future years are registered in the system.

The company has a specific procedure for forest inventory, which sets out this process implementation (PIF-002) in more detail.

Regarding native forests, there are several research experiments that monitor the dynamics and development of natural areas (fauna and flora) within the Company’s FMUs. Those experiments are being carried out by University of São Paulo (USP), Botanic Institute (IBt), Forestry Research Institute (IPEF), Federal University of São Carlos (UFSCar) and Brazilian Agricultural Research Corporation (EMBRAPA). The research activities are related to:

- Use of Arthropod as Bioindicators in natural forests;
- Forest community monitoring of Parque São Marcelo;
- Plant and pollinators interaction for forest restoration;
- Soil fertility and its relation to seed dispersal;
- Watershed Monitoring;
- Forest dynamics in areas under restoration;
- Biodiversity, restoration and environmental planning for forestry holders.

- Plan for the Supply of Forestry Raw Materials:
Based on production estimates for later years, generated by the processing of forest inventory and the data in the forest register, the Integrated Harvest Plan is formulated for a 5-year period. This plan aims at defining "where" and "when" forests will be clearcut, in order to supply the mills. A software that uses linear programming as a tool for optimization of results is used for planning. Besides helping the production planning of the next 5 years, the software generates outputs / suggests alternatives that allow scenarios to be seen within a longer period.

The results generated by the optimization model are analyzed, in order to achieve a refinement of the annual plan, being adjusted in accordance with the technical and operational feasibility of the plan. Based on annual results, short-term planning is accomplished, which consists of making the harvest plan monthly, and adopts age and feasibility of harvested crop according to region and season as criteria, as illustrated in the Figure 5 below.
Figure 5: Example of harvesting plan at Santa Fé FMU. Each color represents the three-month period harvesting.

This procedure is performed annually prior to the closure of the Operational Plan. After defining the Harvest Plan for the following year, it is made available to all users through the company’s reports.

- Topography and GIS Activities
Topographic activities developed by the company include the organization of planimetric and planialtimetric surveys, demarcations of roads for planting, harvesting and transportation, demarcation of mini terraces and ridges, which are aimed at directing the flow of surface water from roads, maximizing infiltration and preventing erosion, Demarcation of Contour Lines as defined by analysis of slope plots and soil characteristics, Demarcation of permanent preservation areas and Legal Reserve, and Redistribution of land in stands.

GIS activities include digital mapping, from which the information collected from field surveys is processed, analyzed and corrected through a software that allows the preparation of charts for the analysis of areas and events, such as monitoring of planting and harvesting, soil type, location of FMUs, definitions of APP, RL, roads. It consists of a global language through symbols, colors, graphics etc., representing different themes in certain areas with different purposes. Maintenance of the cartographic base is accomplished through the editing’s performed after any
change or acquisition of areas with the update and reference to the surveys conducted in the field. This work after the surveys is a key factor for the cartographic database to be updated as to meet the goals of the forestry operations. Any change or correction made on the physical base of maps will consequently update the physical data in the Forestry System. When including or deleting any data, it is necessary to perform this operation on the Forestry System, as future corrections may occur. After inserting surveys and updates in the Forestry System, the maps are available via intranet.

Other tools, such as remote sensing products (radar image, satellite images and aerial photographs) that support the preparation of projects on locations, surveys and studies of areas under negotiation, subdivisions of vegetation, location of degraded areas, are also used, besides being a support material in spatial analyses of a particular site.

The use of satellite images for environmental plan of forest management units in Brotas is illustrated by the following picture.

![Figure 7: Example of satellite image used for forestry planning.](image)

The company has specific procedures of topography and soil conservation, which establish the making of these processes in further details (TOP-001 and MAN-009).

- Seedling Production
  Seedlings are grown in the company’s own nursery in Mogi-Guaçu Garden, with capacity to produce 16 million eucalyptus seedlings, which are suitable for planting
between 90 and 120 days. The production model prioritizes micro cutting, and the whole process is explained as shown below and further detailed in the nursery process flowchart.

The company has a specific procedure of seedling production, which establishes in a more detailed manner the steps of this process (VIV-002).

- **Reforestation**
  Implantation and forest maintenance activities are carried out based on the principle of minimum tillage, which has premises such as interfering as little as possible in the soil, aimed at the sustainability and productivity of forest sites.

  The company has a specific procedure of reforestation, which establishes in a more detailed manner the steps of this process (REF-001).

- **Forest firefighting**
  The following actions are preventive actions taken for forest firefighting:
  - Employee training to meet this emergency scenario, in accordance with the environmental profile of the function;
  - Monthly inspections of the deposit equipment of PAEs – Emergency Plans (Regions 1, 2 and 3) and verification of the available equipment conditions of use for addressing emergency situations, including the expiration date of those who have it. The aforementioned equipment is: drums for waste removal, dampers, hoes, mattock, shovel, axes, rakes, sickles, backpack pump, hoses, jet spray, gated yw valves, spanners, fire extinguishers, masks for dust and organic vapors, nitrile and oil gloves, safety helmets, zebra tape, cones for signaling, safety glasses, non-sparking shovel, anti-explosion flashlight, absorbent blanket and contensor and ascarel kit bag;
- Make all service providers aware of how to proceed in case of forest fires through environmental and safety integration;
- Firebreaks maintenance, consisting of controlling existing grasses. This operation can be performed by mechanical weeding (mowing or disk) and/or chemical weed control (using herbicides);
- Observation towers equipped with binoculars or telescopes, with the objective of detecting fire outbreaks;
- Follow-ups with water trucks should be performed, when needed, in case of controlled burning of sugar cane next to the company's reforested area;
- At the fire call start, the water truck driver visually checks if all devices (dampers, hoes, mattock, shovel, ax, rake, scythe, backpack pump, drip torch, hoses, jet spray, gated wye valves, fixed radio communicators for operations in the truck) are in perfect condition by testing the water pump of the water truck;
- Inform the forests neighbors, by letter, on the fire risks and procedure for communication in case of a fire outbreak;
- According to the fire risk level, along with the worker on duty, there is an emergency team, which consists of forest workers and tank trucks, supported by the observation towers;
- Inform through signs, posters or other media about preventive measures.
- Forest Fire form: in this form you can find all information necessary, such as: PPE (Personal Protection Equipment), damages, Emergency Instructions, among others.

- Forest Harvesting
For the sustained production of eucalyptus wood, the cutting of areas planned for the year in question is performed by the Forest Harvesting, whose strategy is set out in the "Plan of Forest Harvesting" document, available in the "Forestry System" and through maps on the intranet. The FMUs and stands to be harvested, and what time of year this procedure is taking place, are indicated in this Plan.
In general, the process starts with the cutting and felling of trees aged between 6 and 7 years, performed with the Feller Buncher equipment.
Then, the lopping is done with the use of tools as an ax or a chainsaw. Trees are extracted by mechanical equipment called Skidder or Clambunk, and, finally, the timber is put in logs by a hydraulic excavator with an adapted head.
The forest harvesting process is illustrated in the picture below.
The company has a specific procedure of forest harvesting, which establishes in a more detailed manner the steps of this process (CFL-002).

- Forest Research and Development
Researches aim at developing models of planted forests, which provide raw materials of the highest quality for the company’s industrial units, using advanced techniques and forest production sustainability principles. The steps in this process are defined and detailed in the procedure SFL-003.

A) Forest Improvement
Classical improvement is based on breeding selected individuals (mother trees), where the seed is the element of formation and propagation of new trees. International Paper promotes a continuous forest breeding program, keeping areas with the original population from different seeds, providing variability for the commercial program of cloning and multiple use of wood.
Research Lines:
- Genetic basis conservation and expansion;
- Interaction “genotype x environment” study;
- Hybridization;
- Controlled pollination;
- Development of high productivity, quality and adaptation to the environment genetic materials.

B) Clonal Strategy
The clonal process allows the formation of homogeneous forests of high productivity and quality in a short period of time. The main objective is the clonal development and recommendation through the selection and testing of the best individuals as a tool for predicting future yields.
Research Lines:
- Specific clones selection by management unit;
- Definition of testing strategies;
- Clonal recommendation by state and management unit;
- Determination of the estimated productivity of commercial clonal plantations.

C) Wood Quality
It is crucial to understand the characteristics of International Paper's wood of planted forests to ensure that it is suitable for the intended uses. The wood quality area has as a main purpose the chemical, physical and morphological characterization of the selected genetic material, with the objective of supporting the recommendation of such material for commercial planting.

Research Lines:
- Assessment on the "environment x genotype" interaction in wood's technological potential;
- Impact of forest management and age on the wood characteristics;
- Correlation between wood quality and yield in the manufacturing process.

D) Molecular Markers
Nowadays, markers at the DNA level are greatly important aids in breeding programs, cloning and commercial production of seedlings. It is the Laboratory of Molecular Markers’ responsibility to monitor and confirm the identity of commercial clones of the company, ensuring the productivity and quality of planted forests. Moreover, it is an auxiliary tool to International Paper breeding programs.

Research Lines:
- Molecular characterization of the main clones;
- Genetic distance and diversity;
- Protection of plant varieties for commercial clones and clones of interest;
- Biosafety.

E) Biotechnology
Growing plants in vitro is an efficient tool to the large-scale clonal production process, allowing the acquisition of physiologically balanced and pathogen free materials. The Laboratory of Tissue Culture has as its main task the development of protocol for new eucalyptus clones. It is also responsible for the production of explants to meet the seedlings production for the commercial hydroponic garden.

Research Lines:
- Clonal Bank with commercial and potential clones;
- Development of protocols for clones regeneration.

F) Seedling Production
It is necessary to create new technologies to optimize existing processes, in order to produce great quantity of quality eucalyptus seedlings at International Paper units. Thus, the trial in nursery is responsible for the research and development of new production and clonal propagation processes.

Research Lines:
- Water use in the nursery;
- Determination of the nutrient solution for hydroponics;
- Management for seedling production.

G) Forest Protection
The quality of forests may be affected by pests and diseases, jeopardizing the full development of plantations. There are many potentially harmful agents, both for the plantations and the productions of seedlings in the nursery, this requires the establishment of programs of monitoring, diagnosis and development of control techniques that allow minimizing damages and environmental balance promotion. Forest Protection's role is to provide technical support to operational areas, training staff and monitoring the seedlings production in nursery and the eucalyptus plantations of the company, aiming at preventing or minimizing the damage caused by pests and diseases.

Research Lines:
- Testing of plant resistance to pathogens;
- Research on the interaction plant/pest;
- Study on techniques for pest and disease control;
- Use of biological control of pests and diseases.

H) Forest Management
The management of natural resources through silvicultural techniques allows optimization forest production and planning. Forest management aims at forest sustainability, so that wood production may have higher quality at the least cost. It is also responsible for developing strategies for soil monitoring and conservation, as well as for silvicultural practices recommendation.

Research Lines:
- Monitoring the sustainability of land (sites);
- Ecophysiological modeling;
- Forest particular management by management units (spacing, fertilizing etc.);
- Early assessment of forests;
- Monitoring of soil fertility and management.

3.4 - Potential excluded area
The company owns 101,343 ha of land divided in 97 FMUs and manages 12,112 ha under rental agreements, which are not included in the scope of the certification, but the activities are performed with the same principles as their own lands. Nevertheless, the company has decided to remove from the scope of the FSC certificate 3 independent FMUs (12,557 ha) of its own, as detailed below. In this regard, the total area to be included in the certification scope is 88,688 ha.

In the case of these 3 properties under the company’s ownership (Horto Gramado, Horto Santa Fe A, and Horto Santa Terezinha), the company has decided to exclude these properties from the scope of the certificate due to the fact that they contain research plots with genetically modified Eucalyptus. In total, there are
approximately 32 ha of non commercial GMOs research plots in 3 FMUs, aiming to reduce lignin and increase the amount of cellulose in the plant tissues.

These 3 FMUs not included in the scope of the certificate constitute of 12,557 ha, as showed in the Table 1. These FMUs are located in Region I (Brotas e Mogi Guaçu) and II (São Simão).

Table 1: Overview of the areas excluded of the scope of FSC certification.

<table>
<thead>
<tr>
<th>FMU</th>
<th>Total (ha)</th>
<th>Plantation area (ha)</th>
<th>Conservation area (ha)</th>
<th>Others – roads, infrastructure (ha)</th>
<th>GMO research area (ha)</th>
<th>FAVCs (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horto Santa Terezinha</td>
<td>3,420</td>
<td>2,667</td>
<td>644</td>
<td>101</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Horto Santa Fé A</td>
<td>3,547</td>
<td>2,552</td>
<td>786</td>
<td>189</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Horto Gramado</td>
<td>5,590</td>
<td>4,118</td>
<td>1,189</td>
<td>279</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,557</strong></td>
<td><strong>9,337</strong></td>
<td><strong>2,619</strong></td>
<td><strong>569</strong></td>
<td><strong>32</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

There are physical barriers to control the dissemination of the plant and monitoring is being performed according to CTNBio recommendations. By the end of the research program, all trees and remanants will be harvested and incinerated.

The conclusion of the audit team is that the management of these areas does not implicate with the company’s demonstration of a long-term commitment to accomplish to the FSC P&C (Criterion 1.6) due to:

- The company has also committed (and formally written) not to use any of the material produced for commercial use. All material harvested for research purposes has been and will be burnt.
- Research areas are very small (8ha, 3,92ha and 20ha), limited, included within much larger areas and well-controlled. The main objectives of these research plots are to identify and select genetically modified trees of Eucalyptus sp., in order to reduce the use of chemicals, by increasing the fiber content and lowering content of lignin in wood, in order to improve the process yield pulp production in same process.
- In each one of the research plots, the company had appropriate legal authorization and they were operating in compliance with all legal requirements: establishment of buffer zones when required, monitoring, burning of material, etc. The audit team visited some of these areas.

Bureau Veritas Certification’ audit team evaluated the situation through field visits and scrutinized this issue with the company, requesting documents and evidences, and came to the conclusion that the research in question does not compromise the long-term commitment with FSC P&C.

Thus, in order to comply with FSC policy on genetically modified organisms (FSC-POL-30-602) and on the FSC policy on partial certification (FSC-POL-20-002), the total area of the FMUs containing these research plots were not included in the scope of the certificate; consequently, IP is applying for a Partial Certification.
4 - Standard(s)

4.1 - Forest management referential(s) used during the audit(s)

For this initial audit, we referred to the checklist SF03 FSC FM V1.0 extracted from the forest management referential RF03 FSC FM BV para Florestas Plantadas Brasil v1.0 (Plantations) , from November 2009.

This last version has been updated and is available on the website, www.bureauveritas.com/certification → System certification services or on request to Bureau Veritas Certification.

4.2 - Referential adaptation and stakeholders comments

We made the adaptation from BV FSC FM generic standard, RF03 FSC FM referential - version 3.3, including indicators that best portray the national reality. The adaptation was made only for plantation certification.

We submitted the standard for the approval of the National Initiative, researchers attached to universities, research institutes, environmental agencies, NGOs, Environmental and Social Workers Unions and other stakeholders. There was a request for clarification from a researcher at the Federal University of Lavras - UFLA, regarding the use of biological control agents, but that did not imply a change in the standard.

No other comments were given.

A. Audit initial

5 - Base of evaluation

5.1 - Summary of the audit(s) process

A pre-audit was performed from the 13th to the 17th of April 2009.

As it was the first contact of the company with the FSC FM certification process, the pre-audit resulted in a large number of PUARs (Preliminary Upgrade Action Request): 19. But the company established consistent actions towards PUAR resolution, emphasizing negotiations with the Public Prosecutor’s Office to adjust the behavior related to the registration of legal reserves, the substitution of FSC-prohibited pesticides for unrestricted use pesticides, and filed a derogation request for the use of banned pesticides (sulfuramid) in the FSC. International Paper do Brazil has made considerable changes between the pre-audit and the initial audit, mainly regarding the compliance with legal requirements, establishment of social monitoring, its management plan and establishment of High Conservation Value Forests. The response obtained by addressing the PUARs detected during this first stage has enabled the achievement of far more consistent results in the initial audit.
### Actions undertaken to meet with the Preliminary Setting to Standard Action Requests evaluated during the initial audit:

| Nº | PUAR Description | Actions carried out | Conclusions of the audit team if the action allows a whole compliance (WC) or if the answer is incomplete (CAR or observations) |
|----|------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------
<p>| 01 | It was observed that the company has neither carried out the survey on the demand of the preparation of the descriptive memoranda about the land acquired by the company VCP to be forwarded to INCRA nor it has concluded the necessary actions for the registration of legal reserve in 25,962 ha in R1. | Arrangements with prosecutors were made, being set deadlines to meeting the requirements of georeferencing and legal reserve registration. | Agreements with prosecutors have been made evident: Conduct Adjustment Agreement (TAC) no. 30/04 and no. 03/04, as of 10/19/2005, Conduct Adjustment of civil inquiries no. 24/2008 - GAEMA - NRP, as of 06/09/2009, no. 103/09, GAEMA - NRP, as of 11/10/2009, no. 510/08, GAEMA - NRP, as of 06/09/2009, and Conduct Adjustment Agreement of civil inquiries no. 183/2004, 183-B (civil inquiry no. 15/04 Prosecutor Office of Conchal) 08/2004 (Prosecutor Office of Aguaí), and 08/2004 (Prosecutor Office of E.S. Pinhal). All documents have been provided to the audit team and we consider sufficient the disposal actions. Closed. |
| 02 | The company makes use of the following pesticides which are in the FSC-prohibited products list: Tiut (Fipronil), Goal (Oxyfluorfen), Bayfidan (Triadimenol), Opera (Epoxiconazole), Gramoxone (Paraquat), Daconil (Clorothonalnil), Mirex-S, Dinagro-S and Attamex (Sulfuramid), Decis and K-Othrine (Deltamethrin), Dithane and Ridomil (Mancozeb), Gemini (Permethrin). The use of such products has been eliminated by the company, except for those containing sulfuramid, object of derogation request to the FSC. | A communication channel (0800) was opened to receive community’s demands, and informing the neighbors of the Forest | It was observed in the certification audit that the company does not use anymore the prohibited products, except for products based on sulfuramid, having a derogation request for the use of the pesticide in progress at FSC. We therefore consider sufficient the disposal actions. A major CAR was opened to ensure that the Company receives FSC pesticide derogation for sulfuramide or stop using it before being certified. Closed. |
| 03 | The company monitors their social programs. The results are recorded and monitored by the balanced scorecard. Nevertheless, there is no method for assessing operational | | The implementation of the program was verified by the auditors. Closed. |</p>
<table>
<thead>
<tr>
<th>Nº</th>
<th>PUAR Description</th>
<th>Actions carried out</th>
<th>Conclusions of the audit team if the action allows a whole compliance (WC) or if the answer is incomplete (CAR or observations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>activities impacts on the surrounding communities, thus not being detected</td>
<td>Harvesting work fronts and other activities. This was established as a practice. The channel of communication receives demands from the surroundings that collaborate with the impact assessment.</td>
<td>There was no interstate transportation of plant material during the pre-certification and certification audits, but the implementation of a methodology for controlling these procedures was observed. Thus, we consider sufficient the disposal actions. Closed.</td>
</tr>
<tr>
<td></td>
<td>social monitoring for these operational activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>It was observed that the company does not issue a Phytosanitary Certificate of</td>
<td>The methodology of issuing and controlling this documentation was incorporated into records control procedure, and the personnel were informed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Origin and a Permit to Transit Plants in cases of interstate transportation of</td>
<td></td>
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<tr>
<td></td>
<td>plant material.</td>
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<td></td>
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<td></td>
<td>The company has established the procedure FSC-001 for identifying HCVF, being recognized the HCVF Parque Florestal São Marcelo, 300 ha, and the HCVF Florestas das Águas Perenes, 809 ha.</td>
</tr>
<tr>
<td>06</td>
<td>We verified that the company has not established in its natural areas actions for</td>
<td>The analysis of the applicability of international treaties and agreements was incorporated into the evaluation system of the company’s law (LEGIS).</td>
<td>It was observed the implementation of HCVF and its procedures for identifying HCVs. However, the company did not identify clearly what were neither the attributes nor the indicators to measure those attributes. The company did not consult the Civil Society during the evaluation of HCVFs and did not consider other potential areas. Resulted in Minor CARs 7, 8 and 9.</td>
</tr>
<tr>
<td></td>
<td>determining High Conservation Value Forests nor their High Conservation Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attributes.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>We observed the execution of the formal analysis of the treaties. Closed.</td>
</tr>
<tr>
<td>07</td>
<td>Although the company seems to comply with the international agreements and</td>
<td>An analysis was performed to identify indigenous peoples and traditional communities within the forest management units or in the surrounding areas, and the conclusion was that none of these populations are present in the municipalities where the company operates or in neighboring municipalities.</td>
<td>We verified the survey on the management units in relation to the reference files of FUNAI and the presence of traditional communities search. We could detect the absence of these peoples within and in the surroundings of the management unit. Closed.</td>
</tr>
<tr>
<td></td>
<td>treaties, it has not conducted a formal analysis of these treaties and agreements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N°</td>
<td>PUAR Description</td>
<td>Actions carried out</td>
<td>Conclusions of the audit team if the action allows a whole compliance (WC) or if the answer is incomplete (CAR or observations)</td>
</tr>
<tr>
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</tr>
<tr>
<td>08</td>
<td>The risks of accidents of each activity/position are not complete. Risks from poisonous animals and falling trees in forest areas were not identified in the Environmental Risk Prevention Program (PPRA) of the company, held in July 2008.</td>
<td>The company's PPRA has evaluated and revised the risks for each activity, and also incorporated the risks with poisonous animals and falling trees incorporated.</td>
<td>The incorporation of the risks mentioned in the description of the CAR was verified.                                                                                                                   Closed.</td>
</tr>
<tr>
<td>09</td>
<td>Lack of helmet use in forest harvest services was identified, not complying with the administrative order Hygiene, Safety and Occupational Health - SST-005-1, item 3.1., and indicated in the PPRA.</td>
<td>New helmets were made available to the harvest teams, and the personnel were aware of it.</td>
<td>We did not observe the lack of helmets for workers in the various audited teams, but noticed the personnel consciousness-raising records.                                                                 Closed.</td>
</tr>
<tr>
<td>10</td>
<td>The company JRM Florestal's tractor was detected in manual fertilization activity, without brake light and back lights (April 15, 79 plot, Selado FMU), in non-compliance with NR31.</td>
<td>The tractor was repaired and adapted, and the same has been done to the other reforestation machines.</td>
<td>The suitability of the mentioned tractor to NR31 and the implantation of the coverage plan for the other work fronts were evidenced.                                                                 Closed.</td>
</tr>
<tr>
<td>11</td>
<td>It was observed that the company J.A.Vaz employees bring hot meals from home by interviews on 04/14/09, during the delimbing activity in Mogi-Guaçu, not being in compliance with the hygiene criteria set out in Resolution ANVS/DRC 216/04, Technical Regulation item 4.8.15. The Regulation establishes that prepared meals must be kept at temperatures above 60ºC.</td>
<td>Meetings were held with service providers, in order to adequate the meal provision by the companies themselves or institutions authorized by the health surveillance.</td>
<td>All meals are now provided to employees or contractors by institutions authorized by the health surveillance, as in Resolution ANVS/RDC 216/04.                                                                 Closed.</td>
</tr>
<tr>
<td>12</td>
<td>It was observed in the module III harvest that some chemicals, as grease and oil, did not have their respective MSDS.</td>
<td>Absent MSDS were made available at the point of use, covering other forest operations.</td>
<td>It was observed that the company has conducted a comprehensive action covering all sites where there are chemicals.                                                                 Closed.</td>
</tr>
<tr>
<td>13</td>
<td>It was observed that some employees and contractors are not aware of the concepts related to FSC.</td>
<td>A training on FSC was provided to all the employees and contractors, and informative brochures were distributed.</td>
<td>Records of trainings on FSC concepts were observed and we conducted interviews to verify the workers’ awareness of the concepts. Closed.</td>
</tr>
<tr>
<td>14</td>
<td>The company does have neither a system for monitoring the socio-economic impacts nor a monitoring system to survey demands and requirements of these communities, communities affected by the company’s activities, for instance.</td>
<td>The company has implemented an annual consultation process addressed to the Department of Agriculture and/or the Local Public Offices and/or Community Associations, containing indicators to</td>
<td>We verified the implementation of the consulting system with the responsible department and considered it sufficient to close it.                                                                 Closed.</td>
</tr>
<tr>
<td>Nº</td>
<td>PUAR Description</td>
<td>Actions carried out</td>
<td>Conclusions of the audit team if the action allows a whole compliance (WC) or if the answer is incomplete (CAR or observations)</td>
</tr>
<tr>
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</tr>
<tr>
<td>15</td>
<td>The information below was absent in the Management Plan: Agrarian situation of the company's lands; Environmental safeguards based on environmental assessments of field surveys and studies carried out by the company and Plans for identification and protection of rare, threatened and endangered species and their habitats.</td>
<td>The management plan has been reviewed, and the issues observed have been incorporated.</td>
<td>The inclusion of the issues in non-compliance has been verified. Thus, we consider Closed.</td>
</tr>
<tr>
<td>16</td>
<td>The lack of a Summary of the Forest Management Plan of the company was observed.</td>
<td>A Summary of the Management Plan has been prepared and also made available to stakeholders in the company website.</td>
<td>The preparation of a Management Plan was observed. Closed.</td>
</tr>
<tr>
<td>17</td>
<td>The company should develop and implement social monitoring, create and display its indicators.</td>
<td>A method was established, in which the assessment of key performance indicators of forest and health and safety businesses is held on a monthly basis, the monitoring of environmental and quality aspects on different periods, and the monitoring and social indicators annually.</td>
<td>Actions addressing non-compliances were observed. Closed.</td>
</tr>
<tr>
<td>18</td>
<td>The company does not evaluate potential social impacts of plantations.</td>
<td>The procedure SGAF-007 (Communication with Stakeholders) was revised, being the monitoring of social aspects incorporated.</td>
<td>The input of potential social impact monitoring in the monitoring system of the company was observed. Closed.</td>
</tr>
<tr>
<td>19</td>
<td>Despite having information on its fields' plantation, the company acquired new areas from another forest company. However, the company does not have the implementation date of these lands to perform an accurate assessment about previous conversion areas.</td>
<td>Satellite images of 1994 were acquired for the FMUs purchased and then compared with Google Earth images. The investigation showed no evidence of converted areas after 1994.</td>
<td>Actions implemented by the company, with the acquisition of satellite images of 1994 from the whole company area, have confirmed that those areas were not converted into eucalyptus forests by the company. Implemented actions were considered sufficient to prove the non-conversion of areas after 1994. Closed.</td>
</tr>
</tbody>
</table>
5.2 - Composition of the audit team(s)

Lead auditor: - Mr. José Ferraz, FSC FM qualified FSC FM lead auditor on behalf of Bureau Veritas Certification, Forest Engineer, employee. Specialist in Social, Environmental and Public Policies.

Auditors: - FSC FM qualified auditor on behalf of Bureau Veritas Certification, Chemical Engineer, M.Sc. in Forestry Pulp and Paper, leader Auditor in ISO 9001, 14001, OHSAS 18001, independent consultant.

- FSC FM qualified auditor on behalf of Bureau Veritas Certification, Forest Engineer, leader Auditor in ISO 14001 and CERFLOR, Environmental Impact Specialist, Environmental and Judicial Law Expert, independent consultant.

- FSC FM and CoC qualified auditor on behalf of Bureau Veritas Certification, Forest Engineer, Specialist in silviculture and Forest Management, wood products and pulp and paper, leader Auditor in ISO 14001 and FSC CoC auditor, independent consultant.

- Mrs. Maria Augusta Godoy, Forest Engineer, MSc. in Forest Ecology and Management, FSC FM qualified auditor on behalf of Bureau Veritas Certification, Environmental Impact, Biodiversity and Protected Areas Specialist, employee.

Observer: - Mr. Hubert de Bonafos, Bureau Veritas Certification, Global Product Manager for forestry products and sustainable management.
5.3 - Modalities for collecting information

5.3.1 - Description of the audit(s) program

<table>
<thead>
<tr>
<th>01 March 2010</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz / Maria Augusta / Audit team</td>
<td>am</td>
<td>Mogi Guaçu Office</td>
<td>Preparation meeting of the audit team</td>
</tr>
<tr>
<td>José Ferraz / Maria Augusta / Audit team</td>
<td>pm</td>
<td>Mogi Guaçu Office</td>
<td>Opening meeting of the audit in presence of Mrs. Elaine Nascimento, Mr. Adriano Almeida – Research and Development, Mr. Luis Fernando Almeida – Research and Development, Mr. Robson Almeida Laprovitera – Environmental Manager, Mr. Miguel Magela e Mr. Tiago Corrêa Matos – Safety Engineer</td>
</tr>
<tr>
<td>José Ferraz / Maria Augusta / Audit team</td>
<td>am</td>
<td>Mogi Guaçu Office</td>
<td>Planning audit</td>
</tr>
<tr>
<td>José Ferraz / Maria Augusta / Audit team</td>
<td>pm</td>
<td>Mogi Guaçu Office</td>
<td>Analysis of the previous CARs and indigenous issues</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>02 March 2010</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz / Maria Augusta</td>
<td>am/pm</td>
<td>São Simão Office and Field - Region 2</td>
<td>Plantation systems, pesticides warehouse</td>
</tr>
<tr>
<td>Audit Team</td>
<td>am/pm</td>
<td>Brota Office and Field – Region 1</td>
<td>Plantation systems, pesticides warehouse, Natural forests (Legal Reserves), Emergency Plans</td>
</tr>
<tr>
<td>José Ferraz / Audit Team / Maria Augusta</td>
<td>pm</td>
<td>Mogi Guaçu Office</td>
<td>Auditors meeting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>03 March 2010</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz</td>
<td>am</td>
<td>Mogi Guaçu Office</td>
<td>Nursery and pesticides/fertilizer warehouse</td>
</tr>
<tr>
<td>Audit Team</td>
<td>am</td>
<td>Brota Office and Field – Region 1</td>
<td>Harvesting – Module II, Roads maintenance.</td>
</tr>
<tr>
<td>Person / Team</td>
<td>Time</td>
<td>Place</td>
<td>Activity</td>
</tr>
<tr>
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</tr>
<tr>
<td>Maria Augusta / Audit Team</td>
<td>am/pm</td>
<td>Brotas Office and Field Region 1</td>
<td>Harvesting – Module II, Roads maintenance, mobile garage and transport (trucks)</td>
</tr>
<tr>
<td>José Ferraz/Maria Augusta</td>
<td></td>
<td>Field - Mogi Guacu</td>
<td>Interview with the person in charge of Brotas Environmental Department</td>
</tr>
<tr>
<td>Audit Team</td>
<td>pm</td>
<td>Brotas</td>
<td>Interview with the person in charge of Brotas Labor Trade Union</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td>Brotas Office and Field – Region 1</td>
<td>Legislation compliance</td>
</tr>
<tr>
<td>José Ferraz / Maria Augusta</td>
<td></td>
<td>Mogi Guacu Cultural Center</td>
<td>Public Meeting</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td>Brotas City Council</td>
<td>Public Meeting</td>
</tr>
</tbody>
</table>

**04 March 2010**

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz</td>
<td>am</td>
<td>Altinópolis Office and Field</td>
<td>Harvesting Module IV, logging truck and mobile garage</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td>São Simão Office and Field - Region 2</td>
<td>Harvesting system – Module III, Roads maintenance.</td>
</tr>
<tr>
<td>Audit Team</td>
<td>am/pm</td>
<td>Mogi Office Guacu</td>
<td>Workplace Health and Safety and Monitoring Systems</td>
</tr>
<tr>
<td>Maria Augusta</td>
<td></td>
<td>Mogi Office</td>
<td>Legislation compliances and HCVF</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td>Guatapará</td>
<td>Stakeholders interview, Social Project with Guardiões do Verde NGO</td>
</tr>
<tr>
<td>José Ferraz</td>
<td>pm</td>
<td>Altinópolis Office and Field</td>
<td>Plantation process</td>
</tr>
<tr>
<td>José Ferraz / Audit Team</td>
<td></td>
<td>Altinópolis</td>
<td>Public Meeting</td>
</tr>
<tr>
<td>Audit Team / Maria Augusta</td>
<td></td>
<td>São Simão</td>
<td>Public Meeting</td>
</tr>
</tbody>
</table>

**05 March 2010**

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz</td>
<td>am</td>
<td>Mogi Office Guacu</td>
<td>Land ownership, social projects</td>
</tr>
<tr>
<td>Maria Augusta</td>
<td></td>
<td>Mogi Office Guacu</td>
<td>Interview with Rural Labor Trade Union in Araras</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td></td>
<td>Waste management and training records</td>
</tr>
<tr>
<td>Audit Team</td>
<td></td>
<td></td>
<td>Principle 10 - plantation</td>
</tr>
</tbody>
</table>
### AUDIT SCHEDULE

<table>
<thead>
<tr>
<th>Person</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ferraz / Audit Team/Maria Augusta</td>
<td></td>
<td></td>
<td>Auditors meeting to establish the corrective action requests</td>
</tr>
<tr>
<td>José Ferraz / Audit Team/Maria Augusta</td>
<td>pm</td>
<td>Mogi Guaçu Office</td>
<td>Presentation meeting of the audit in presence of Mrs. Elaine Nascimento, Mr Adriano Almeida - Research and Development, Mr Luis Fernando Almeida – Research and Development, Mr Robson Almeida Laprovitera – Sustainability Manager, Mr. Miguel Magela e Mr Tiago Corrêa Matos – Safety Engineer.</td>
</tr>
<tr>
<td>José Ferraz / Audit Team/Maria Augusta</td>
<td>pm</td>
<td>Mogi Guaçu Office</td>
<td>Closing of audit</td>
</tr>
</tbody>
</table>

### 5.3.2 - Documentation review

- Summary of the Forest management plan
- Procedures and operational manuals for harvesting, planting and nursery
- Documentation of ownership and land use
- Legislation database
- Environmental Licenses (water withdraw, mining, roads constructions)
- Documents that shows no conversion areas after 1994
- Driver licenses and relevant documents for logging transportation
- Documentation of ownership and land use - Legal Reserve, ITR (real estate records)
- Duties, taxes
- Document of plantation design
- Traceability documents
- Contracts of workers
- Training records
- Maps of the farm visited
- Chemical records - Product Inspection Sheet, MSDS, List of pesticides and other chemicals, Agronomic Prescription
- Integrated Pest Management/Biological Pest Control documents and monitoring
- List of Stakeholders
- Health and Safety documents - accidents, periodic health examinations (admittance and dismissal)
- Environmental Projects Reports
- HCVF - maps, studies on biodiversity, survey and monitoring, indicators
- Social Projects Reports
- Monitoring - monitoring of watersheds, fauna, flora, harvesting,
- Emergency Plans
5.3.3 - Interviews of company’s staff encountered

- Owner(s):
  N.A.

- Manager(s):
  - Mr. Adriano Almeida - Research & Development
  - Mr. Armando Storn Santiago – Forestry Director
  - Mr. Luis Fernando Almeida - Research & Development
  - Mr. Robson Almeida Laprovitera – Sustainability Manager

- Employee(s):
  - Mr. Adriano Almeida – Genetic Improvement
  - Mr. Adriano Marchiori – Management System Analyst
  - Mr. Alexandre Aparecido Campos – Forestry Worker
  - Mr. Alexandre Correia Procópio - Supervisor
  - Mr. Anderson Guedes Ferreira de Sene – Occupational Safety and Health
  - Mr. André Leandro Barba – Forestry Worker
  - Mr. Aparecido Donizete Francisco – Forestry Worker
  - Mr. Augusto Miguel Nascimento Lima – Forest Researcher
  - Mr. Carlos Bevilacqua – Environmental Management
  - Mr. Djalma Rosa de Oliveira - Driver
  - Mr. Emerson Preto – Geoprocessing Analyst
  - Mr. Érico Barbosa – Forestry Worker
  - Mr. Flávio Augusto – Nursery Coordinator
  - Mrs. Gilmara de Campos Gomes Pinto – Safety Technician
  - Mr. Givaldo Lima – Forestry Worker
  - Mr. Hamilton Francisco Carvalho - Supervisor
  - Mr. Ivan Gisfrede – Forestry Worker
  - Mr. João Batista Valentim – Forestry Worker
  - Mr. João Carlos Barbosa – Forestry Coordinator
  - Mr. João Machado Olimpio – Environmental Technician
  - Mr. João Morato – Geoprocessing Coordinator
  - Mr. José Benedito Costa – Forestry Worker
  - Mr. José Valter Manara - Supervisor
  - Mr. Leandro Aparecido Ribeiro – Research Assistant
  - Mr. Lindomar Aparecido Rosa – Safety Technician
  - Mrs. Luciana Garcia - Clerk
  - Mr. Luis Antonio Matos – Forestry Worker
- Mr. Luis Henrique Paranhos – Forestry Coordinator
- Mr. Luiz Carlos Ignácio – Mechanic
- Mr. Luiz Henrique Miotto - Driver
- Mr. Márcio Luiz da Silva – Finance Analyst
- Mr. Marcos Aparecido Bueno – Forestry Worker
- Mr. Mário Zotto – Forestry Supervisor
- Mr. Mário Zotto Soares da Silva - Driver
- Mr. Mauro Trevisan - Supervisor
- Mr. Miguel Alves da Cruz – Forestry Worker
- Mr. Miguel Magela Diniz – Environmental Coordinator
- Mr. Milton César Alves Pastosa - Driver
- Mr. Nelson Gonçalves – Forestry Worker
- Mr. Nivaldo Faga de Moraes – Machinery Operator
- Mr. Paulo Moretti - Harvesting and Transportation Coordinator
- Mr. Pedro Alves - Forestry Worker
- Mr. Pedro Costa – Geoprocessing Analyst
- Mr. Rodrigo de Oliveira Guirçano – Forestry Worker
- Mr. Ronei Borges de Souza – Forestry Worker
- Mr. Samoel Cândido Padilha – Forestry Worker
- Mr. Samuel José Victor de Lima – Forestry Worker
- Mr. Sebartião Oliveira – Forest Planning
- Mr. Tiago Corrêa Matos - Safety Engineer
- Mr. Udson Galiani - Supervisor
- Mr. Valdir Deus Campos - Driver
- Mr. Vanderlei Aparecido da Silva - Supervisor
- Mr. Vladmir Costa Nunes - Supervisor
- Mr. Weber Wilton Liporine – Forestry Supervisor
- Mr. Roberto Alexandre Fernandes – Harvesting and Transportation Analyst
- Mrs. Ana Paula Vilas Boas Pires - Clerk
- Mr. André Vicente - Reforestation
- Mrs. Elaine Cristina Nascimento - Management System Analyst
- Mrs. Elivira Prexó Santos – Forestry Worker
- Mrs. Eva Aparecida Barbosa Guilherme
- Mrs. Fabrúnia Cardoso de Oliveira – Forestry Worker
- Mrs. Gilmara de Campos – Safety Technician
- Mrs. Giovana Aparecida Bacarin – Forestry Worker
- Mrs. Helena Barbosa Moraes – Forestry Worker
- Mrs. Ilza Helena Basílio Cardoso - Forestry Worker
- Mrs. Karla Weber – Forest Planning
- Mrs. Lucélia da Silva Santos – Forestry Worker
- Mrs. Luciana Alves Santiago – Forestry Worker
- Mrs. Madeleine Aparecida Silva Gabriel – Forestry Worker
- Mrs. Marcela Castoldi – Safety Technician
- Mrs. Nathalie Giachini - Trainee
- Mrs. Neide Gonçalves Mendes Muturle – Nursery Technician
- Mrs. Rosinéia Coutinho Rosa – Forestry Worker
- Mrs. Silvana da Silva Lopes Gabriel – Forestry Worker
- Mrs. Suzana Brait – Forest Planning
- Mrs. Valdete Aparecida de Souza – Forestry Worker

- Sub-contractors:
  - Mr. Benedito Domiciano da Silva – J.A.Vaz – Forestry Worker
  - Mr. Carlos Galdâncio – Attaera – Forestry Worker
  - Mr. Claudinei Antonio Vaz – J.A.Vaz – Owner
  - Mr. João Cândido Brandão – Wiltur – Driver
  - Mr. João dos Santos Silveira – Cotrans - Forestry Worker
  - Mr. João Ezequiel – J.A.Vaz – Forestry Worker
  - Mr. José Francisco Cesário – J.A.Vaz – Forestry Worker
  - Mr. José Jandir Cleiton – J.A.Vaz – Forestry Worker
  - Mr. José Ribeiro – J.A.Vaz – Machinery Operator
  - Mr. Luiz Henrique Barbosa Barros Manara – Lotrans – Weigh Scale Operator
  - Mr. Paulo César Castiglioni – Lotrans – Leading Weigh Scale Operator
  - Mr. Rafael Silveno da Silva – Cotrans - Forestry Worker
  - Mr. Roberto Rezende – Simplício & Rezende – Lawyer
  - Mr. Rosivaldo Silva - Terraplenagem Tecnoterra - Supervisor
  - Mr. Sebastião Ferraz – Willtur - Driver
  - Mr. Sérgio Rocha Bernardes – Wiltur – Driver
  - Mr. Tobias de Araújo – J.A.Vaz – Supervisor

5.3.4 - Visit of sites (s)

Region I
FMU - Horto Santa Fé
FMU - Horto Mogi Guaçu
FMU - Horto Sta Terezinha
FMU - Horto Paineiras
FMU - Horto São Marcelo

Région II
The aim of the audit was to assess the sites where the company carries out their activities (Region I, II and III) and its role in the region. The amount of sites visited was calculated in order to be representative of the diversity of the sites particularities and according to the number of auditors and their expertise combined with ongoing operations in different sites. Thus, the methodology for defining the areas to be audited has been developed according to the places where forestry operations were taking place, in order to evaluate the different activities at the time of their execution. Besides the diversity of operations, the audit intended to monitor different forest regions for the evaluation of environmental requirements, infrastructure (roads, deposits), working conditions offered by contractors, machinery and equipment conservation status, meeting the safety and health legal requirements, signaling, asset surveillance, among others.

5.4 - Stakeholders identification and consultation

Stakeholders were first identified during a pre-audit consultation on 13/April/2009, then during the pre-audit, and formally consulted prior to the initial audit by a letter sent on the 18 December 2009. Those letters explained about the certification process (auditing and general information), asked for comments (form attached with the letter) and invited the stakeholders for the public meetings.

Stakeholders were able to express their concerns, ideas and ask questions during the public meetings held in Mogi-Guaçu, Brotas, Altinópolis and São Simão (see audit program).

The public meetings were also broadcasted one month before by radio announcements, local newspaper, sound truck and sound bike, and banners that were spread out in the municipalities.

The comments from the public meeting were recorded on DVD. They were gathered and summarized in the stakeholder comments table. The company answered them, and then the audit team and BV verified the answers.
A complete list of consulted stakeholders is available in Appendix 9.2.

We received comments prior to the initial audit.

During this audit we interviewed the following organisations:
- CETESB
- Rural Workers’ Union of Araras
- Secretary of Environment – Municipal City Hall of Brotas

6 - Audit observations

6.1 - Main strengths and weaknesses

The work carried out by International Paper was well-done and has complied with the requirements. IP has demonstrated commitment and the corrective actions were implemented consistently over the FMUs in the scope of the certificate. IP has incorporated some suggestions from the stakeholder’s consultation and has enhanced the number of HCVFs and attributes according to the regional context. Monitoring procedures implementation will be verified on field at the next surveillance audit.

The few weak points identified are not non-conformity, therefore the audit team considered that IP has reached the level of compliance required for obtaining the certificate. The auditing team recommends the certification of International Papel do Brasil.

6.2 - Evaluation results in regards to the FSC referential

6.2.1 - Principle 1 – Compliance with laws and FSC Principles

The Company complies with updating the list of legal requirements and has identified the responsible for this activity. It had also informed and applied the necessary regulations and norms regarding its operations. All duties, taxes and fees were paid and the representatives of the organization are committed with FSC principle and criteria.

Matters regarding legal assistance concerning legal reserve registration have been well defined before by the Public Prosecutor's Office, and the Terms of Adjustment of Conduct are legally valid and recognized by the audit team. Nevertheless, one Major CAR (CAR 01) has been issued: excessive working hours with pay undue from a subcontractor transportation company, with relevant legal implications to the Company. Thus, the transport subcontractor did not comply with the legal requirement regarding labors rights, and the company did not have the means to verify the non-conformity.

A Minor CAR (CAR 03) was also issued because of overloaded logging trucks. It was shown that some logging trucks used by the Company are
not in compliance with respect to the total gross weight. The organization has no means to implement a systematically monitoring to ensure the compliance with DENATRAN No. 63, March 31, 2009, which in its Article 1 approves vehicles and combinations of vehicles transporting cargo and passengers, with their corresponding length limits, total gross weight and combined total gross weight. There is a form available for "Weight Management and Wood Quality", comprising information, such as: license plate, driver, sub-contractor, composition, total weight excess and quality. On the other hand, such evidences are not regulated in any procedure within the company, and there is no frequency of analysis or monitoring. Records from loaded trucks thereafter November/2009 was not available.

Thus, there were no effective means of verification for transportation issues.

No further recommendation or suggestion was made by the auditors (observation).
6.2.2 - Principle 2 – Tenures, use rights and responsibilities.

The Company is fully in compliance to the principle and its criteria. The Company develops its activities in an area of 101,343 ha of its own land, which 88,688 ha is in the scope of the certification.

The company provides information to the local people regarding their forest operations and has opened a channel of communication to receive questions and suggestions.

A third party has inquired where a shareholder from Santa Rita do Passaquatro municipality has considered himself damaged in a process of land acquisition by IP. The proceeding is related to the use of 22 ha by IP, and was carried out by judicial means. Such a formal complaint was assessed by the audit team, who requested from the company managers documents to demonstrate the legal and complication-free purchase of the aforementioned land. Documents have been revised and with information on the repossession process by the company have been demonstrated and granted by the Government. All evidences were given to the audit team.

6.2.3 - Principle 3 – Indigenous people’s rights

The company has carried out a study in order to identify if there are or not indigenous people or traditional communities in the management units or in its surroundings. This study included documents from IBAMA (National Institute for the Environment and Natural Resources) and FUNAI (National Indigenous Foundation) that show that neither indigenous peoples nor quilombolas (slave communities that escaped from their masters) were present in or around the different management units of the Company, demonstrating the absence of such communities. Therefore this Principle is not applicable.

6.2.4 - Principle 4 – Community relations and worker’s rights

The Company carries out training activities for its employee and subcontractors and has records of all trainings. Interview with truck drivers, mechanics and forestry workers support this information.

Nearly all employees interviewed are from the region. Social projects are developed in partnership with local institutes and governments. It should be emphasized the educational work performed, such as the vocational trainings for young (acknowledge by the Education Ministry) and the environmental education program for local students.

Employees are equally treated by the Company and it was seen a great amount of women working in the nursery and some employee with disabilities.
The Company provides health and dental insurance for employees and sub contractors (extended to the family). The workers were satisfied with the quality of the food and cold water provided in the field. There are new vehicles for transportation and the workplace (field and office) is well maintained and clean.

Risk assessments were performed and all activities that require PPE (Personal Protective Equipment) are complied.

Despite the good working conditions provided by the Company, during this initial audit one major CAR (CAR 01) and two Minor CARs were issued (CARs 04 and 05). As already mentioned in Principle 1, CAR 01 is related to a subcontractor (Wiltur Ltda) that showed overloaded working hours of truck drivers and wages under the expected for such activity. This is a great issue of workplace health and safety, which can also result in a potential risk for the worker and others due to traffic accidents. Minor CARs 04 and 05 are related to first aid boxes close to the storage of pesticides, near the planting area of the FMU Bebedouro, site 149. In this area, the shelter used to store materials and equipments is separated by compartments. Although they segregate different materials (dangerous and not dangerous), the access is allowed only for workers who use PPE against pesticides. Because it is a controlled area, access to the first aid equipment is restricted. There is no standardization of first aid kits for IP employees or sub-contractors.

It was issued four recommendations (A, B, C and D) regarding the broadcast of information about seedlings distribution, assessments of medical examinations, ergonomics and the possibility of having snacks during working hours in the nursery.

6.2.5 - Principle 5 – Benefits from the forest

In this principle, the Company invests in the restoration of degraded lands and any environmental liability. In order to improve soil fertility and avoid further impacts, the biomass not used is left in the field, contributing to the litter quality and avoiding erosion.

No other activities from supplying wood for paper and pulp production are performed by the company, and the collection of crop residues by the surrounding residents is not significant.

There was no evidence of the wasteful use of natural resources, once the harvesting system is very effective and optimized, allowing the cutting of trees of only a few centimeters from the ground, taking advantage of the larger diameter trees and preventing breakage at the felling and falling stages. There is no damage to the natural forest during harvesting operations and water streams do not undergo from soil deposits. Roads are built following the contour lines. Measures to avoid and control erosions are also taken into account during road construction and maintenances.
The waste of biomass not used for pulp and paper is used to produce energy for the industrial process. The planting system is planned according to the demand, in order to provide enough resources and maintain a sustainable activity in the long term.

6.2.6 - Principle 6 - Environmental impact

The impacts related to the company activities were evaluated by procedures and risk assessments. The workers are aware of the potential risks of their activities, where training is provided for each work position. As detailed in the principle 10, the Company does not assess its impact on harvesting great areas (Recommendation 12).

Conservation zones are delimited (riparian forests, Legal reserve, natural forests and so on). No harvesting or collecting (dead wood or NTFP) are allowed in these forests. Threatened species and their habitats are known and mapped. Monitoring of species (flora and fauna) is done every year by the Company staff and specialists from universities and research institutes. Data are registered and the analysis is done periodically. Impact in the natural ecosystems as well as flora and fauna are monitored by research projects developed in partnership with universities and research institutes. There is a noteworthy project about forest rehabilitation, which has boosted and influenced public policies regarding habitat restoration in the State of São Paulo. Up to now, the Company has restored 300 ha of native forests.

There were no evidences of illegal hunting and there is a constant vigilance of their forest areas. Environmental education for local communities has helped to maintain the natural areas against illegal hunting and harvesting.

The list of chemical records used was available and Emergency Plans were created for a wide range of risk situations. The company has a specific procedure for waste management within their FMUs and offices.

The biological control done by the Company is approved by the Federal Agency. No Genetically Modified Organisms are used in the forest lands included in the scope of the certificate.

The management unit has presented a Major CAR 02 for the use of banned pesticides (sulfuramid). At the time of the audit, the derogation was under evaluation by FSC. But at present, the Company holds the derogation for the use of these chemicals was requested to the FSC and the Major CAR 02 has been closed. Many observations have been issued by the audit team (E, F, G, H and I).
6.2.7 - Principle 7 – Management plan

The Management Plan describes the regions, the forests and all the information related to the activities of the Company. There are specific procedures related to each activity: harvesting, transport, planting, breeding methods, nursery, general maintenances, monitoring, social projects, HCVFs, forest inventory and other operational activities.

As explained in the section 4.2.2 of this report, the company has completed its management plans with, among other items, the rural situation of the company's lands; environmental safeguards based on environmental assessments of field surveys and plans for identification and protection of rare, threatened and endangered species and their habitats. The public summaries of the management plans are publicly available on the Company website and it was distributed to Trade Unions, NGOs, Government entities, etc. Despite that, 2 Recommendations (J and K) have been pointed out to this new version of the submitted Management Plan.

6.2.8 - Principle 8 – Monitoring and assessment

Monitoring covers all the areas by sampling and permanent sample plots. It is focused on monitoring of flora and fauna, silviculture practices, plantation, nurseries, water quality, erosion, among others. All the monitoring activities are documented and recorded in Mogi Guaçu office.

IP focus its permanent sample plots on fauna, flora and especially in the rehabilitation of degraded areas with native species.

There are monitoring procedures for analyzing the sustainability of the business.

No conversion areas were verified after 1994.

The traceability of the incoming wood is recorded in the System LOGMETER TM 4000, where all relevant information from the receipt is recorded in the Module "System Audit LOGMETER”.

We pointed out a Minor CAR (CAR 06) due to the need to establish mechanisms which point deviations in the management of working hours and salary of sub contractor's workers (related to Major CAR 01 as described in Principle 1 and 4). We demand that the Company extend its salary policy to the subcontractors.
6.2.9 - Principle 9 – Maintenance of high conservation value forests

The company carries out several studies on fauna and flora in its native forests, in partnership with universities and research institutes. The HCVF Parque Florestal São Marcelo is oriented to the study of high diversity forest rehabilitation, while in the HCVF Águas Perenes the monitoring is related to fauna and flora studies.

HCVFs were plotted in maps, however, there was no procedure for recognition of the HCVs (Minor CAR 07) and HCVFs were not identified according to the 6 references indicated by the FSC and the “Tool Kit for HCVF” (Proforest, 2003). The attributes of the HCVFs were not clear. The activities monitored were not consistent with the attributes given. During an interview with the environmental department of the Company, HCV 1 (“Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values”) was identified in the Parque Florestal São Marcelo; and HCV 1 and 4 (“Forest areas that provide basic services of nature in critical situations”) was designed to HCVF Águas Perenes. However, this classification is not written in any of the documents related to HCVFs. The employees responsible for the implementation of HCVFs were unsure about the attribute identified. In the case of HCVF Águas Perenes, the attribute 4 is not properly monitored (Minor CAR 09).

Studies of HCVFs did not consider other potential areas the management unit, such as other forest fragments with high biodiversity and large areas.

Although the attributes were not clearly identified, the selected areas to become HCVF were encouraged by Universities and Governmental institutes. NGOs were not consulted, resulting in a Minor CAR 08. The HCVFs are contemplated in the Management Plan, but maps presented were not clear.

Thus, in this audit, it has presented 3 Minor CARs concerning the definition of the High Conservation Value Attributes (HCVA), the way the public consultation has been conducted and the HCVA monitoring.

These 3 Minor CARs were considered as Major CARs by the Certification Committee. The Company had implemented all measures regarding Principle 9 non conformities, closing these major CARs in September/2010.

6.2.10 - Principle 10 - Plantations

The impacts of harvesting over large areas are not assessed by the Company (Recommendation 12), and there is no maximum size of harvesting considering the impacts in the landscape.

The great majority of FMUs has conservation areas and Legal Reserve, forming ecological corridors for fauna and flora, according to the federal law.
The operational procedures are properly written and available on site. The company uses different types of clones in order to maintain a minimum diversity of species. Best practices of soil conservation and roads maintenance are taken into account in the Company’s procedures. Firebreaks and other monitoring systems (pest management, fire towers, emergency plans) are continuously in progress to protect the success of the plantations.

It is suggested that the company set plans and monitoring of the configuration and location of plantings aiming at mitigating the impacts of harvesting over large areas.

The Company promptly volunteered to evaluate and assess the impacts of the plantation and establishes the maximum for a more appropriate continuous harvesting area.

6.3 - Elements subjected to controversy

One of the major controversies found is related to the research plots with GMOs (Genetically Modified Organisms) carried out within the Company’s area, as follows:

- FMU Santa Terezinha (research plot around 8 ha, total property 3,420 ha), planted in 2005, final harvest planned for 2012, final monitoring and closing of research plot in 2013 (CTNBio process Nº 01200.00705/2004-75 and 01200.004592/2004-87);
- FMU Gramado (research plot 3.92 ha, total property 5,590 ha), planted in 2007, final harvest planned for 2014, final monitoring and closing of research plot in 2015 (CTNBio process Nº 01200.000666/2006-78);

Other elements could be considered controversial, such as:

- Occurrence of excessive workload and inappropriate salary payments by a sub-contractor of timber transportation also occurred. Even though it was not a systemic occurrence, it is a subject of a Major CAR 01, since it is a legal requirement to provide safe and fair wages.
- A third party has claimed damaged in a process of land acquisition by the Company. It was not considered restrictive for recommendation to certification, because the Company has provided all the information related to the repossession process, where the legitimacy of the proceedings has been demonstrated to the Government.
### 6.4 - Previously raised major Corrective Action(s) Request(s)

<table>
<thead>
<tr>
<th>CAR #</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
</tr>
</thead>
</table>
| 01    | Subcontractors overworking and being improperly paid have been detected.          | 1.1.3. (4.1.6.)      | As a corrective action, the management unit announced the notification of a major CAR to the companies: Willtur Transporte and Turismo Ltda – which received a major CAR, and GA Forest Logistica and Transporte Ltda, which also performs transport services.  
|       |                                                                                 |                      | The management unit requested the working schedules of all drivers who carry out activities within the management unit and a declaration of their compliance with the requirements established by law.  
<p>|       |                                                                                 |                      | We concluded that the actions taken by the company (cause analysis, corrective and preventive actions) are satisfactory to close the non-conformity. Information was provided with documentary evidence.                                                                                                                                                                                                 | Closed       | 8th April 2010  |
| 02    | The company makes use of FSC-prohibited pesticides (Sulfluramid).                | 1.4.1. (6.6.2.)      | On the 28th of April 2010 the Pesticide Committee of FSC included International Papel do Brasil in the pesticide derogation for sulfluramid in Brazil (FSC-DER-30-V1.0_EN Sulfuramid Bra)                                                                                                                                                                                                 | Closed       | 5th May 2010    |</p>
<table>
<thead>
<tr>
<th>CAR #</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
</tr>
</thead>
</table>
| 07    | To clearly identify the attributes of High Conservation Value Forests and perform studies to identify other potential areas and attributes. | 9.1.1.               | International Paper has formed a group of specialists to identify attributes (HCVs) present in its management units, and has consulted environmental and social organizations for this process, such as: research institutes, NGOs, Governmental Organisations and others. In order to study potential attributes within IP areas, it was used previous studies, national and international regulations, maps of forest management units listed in geographic information systems company, maps of priority areas for conservation in the state of São Paulo (SP), and others. Thereafter, it was created 3 more HCVFs based on the public consultation and studies in partnership with universities and research institutes. In total, there are 5 HCVFs in IP FMUs.  
The concept of landscape connectivity was taken into account, and 30% of the natural areas were included as HCVFs.                                                                 | Closed       | 31st August 2010          |
<table>
<thead>
<tr>
<th>CAR #</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>08</td>
<td>To intensify the public consultation and include other stakeholders for the definition of HCVFs.</td>
<td>9.2.</td>
<td>The company produced a public consultation document to interested parties, including: a brief company presentation and public consultation process, a definition of what is forest and attributes of high conservation value, the method used, the location, size, justification of why the area is being considered HCVF, risks or threats and the management to be adopted to maintain or enhance the attributes of high conservation value. The document also included illustrative figures and maps of HCVF.</td>
<td>Closed</td>
<td>31st August 2010</td>
</tr>
</tbody>
</table>
To provide indicators and monitoring that are consistent with HCVF’s attributes.

9.4.1. The procedure for the company’s internal management of HCVF (FSC-001) was revised, and the objectives were better defined for each HCVF. Indicators were developed to maintain or enhance HCVs, established based on the SMART concept: specific, measurable, achievable, realistic, and timely. The indicators were defined in accordance with the goals and needs of HCVFs, based on the management cycle PDCA (plan, do, check, act). Also, a procedure was incorporated to carry out critical analysis of the results of monitoring. The indicators and monitoring established for each HCVF were considered consistent with the chosen attributes.

**Comments on major CAR:**

**CAR # 1: Preventive Action**

As a preventive action, the Company has implemented the procedure SST-032-0 - "Monitoring of third parties" establishing verification procedures regarding regulatory standards, duties, tax, working hours, working conditions, food and drinking water. This procedure includes the implementation of a Shared Service Center (Centro de Serviços Compartilhados -CSC) controlling documentation, training and charges related to labor, social security and taxes (SST). It has also implemented a monitoring system using the "Check-list for the internal audit in relation to third parties" for companies like Guaçu Aduaneira, Willtur Transport, Atta, JRM, as provided in the schedule from the item 4.1. DSST (Department of Work Health and Safety and CSC), from the procedure "Monitoring Third Party". This checklist consists of the following criteria:

- General working conditions;
- Transportation, food and hygiene, with 12 items of verification;
- PPEs with five items of verification;
- Tools and equipment, with four items of verification;
- Scale of work and payments, with six items of verification;
- Interpersonal relationships with four items of verification;
- Health with 5 items of verification.
Corrective Action

As a corrective action, the management unit announced the notification of a major CAR to the companies: Willtur Transporte and Turismo Ltda – which received a major CAR, and GA Forest Logistica and Transporte Ltda, which also performs transport services.

The management unit requested the working schedules of all drivers who carry out activities within the management unit and a declaration of their compliance with the requirements established by law.

In relation to Willtur company, its owner issued an internal announcement to workers who were working under an inappropriate regime, that they will receive additional values per trip in their paychecks, including the item "Daily Travel Brotas"- Code 1031, in the payslip. It was also presented the new “Shift Rotation” scheme of all employees, including the 18 employees where it was detected irregularity of working hours. The current rotation includes 5x2 (five days of work and two days off).

We concluded that the actions taken by the company (cause analysis, corrective and preventive actions) are satisfactory to close the non-conformity. Information was provided with documentary evidence.

CAR # 2: No further comments.

CAR # 7: International Paper has evidenced the study carried out by a group of specialists to indentify attributes (HCVs) present in its management units. The study included the criteria used to identify attributes according to literature review, official maps of corridors, meetings, satellite images, national laws and international regulations, as well as ecological studies performed with partnerships with research institutes and universities. Every Management Unit was contemplated and attributes were identified. In this regard, the company has considered other potential areas and identified 3(three) more HCVFs with consistent attributes. The company has used materials and methods (Proforest Guide 2003 - High Conservation Value Forests) to identify HCVs, describing and locating HCVFs in maps. The company has consulted environmental experts, stakeholders and company’s staff for the definition and approval of HCVs and HCVFs, as showed in emails and other documents. There were no comments from stakeholders regarding other potential HCVs (such as HCV 5 “Basic needs for local communities - e.g. subsistence, health”). IP developed a matrix of attributes and FMUs - a relation based on previous studies from universities in partnership with IP, to identify potential HCVs. For each FMU, the company presented a table with: HCVs (1.1,1.2,1.3,1.4, 2, 3, 4.1, 4.2, 4.3, 5, 6) applicable/not applicable, based on stakeholders consultation, previous and current studies.

Documents review:
- Matrix of Attributes and FMUs;
- Public Consultation on HCVFs Document;
- Procedure HCVF-001;
- Procedure FSC-001;
- List of all FMUs with attributes present;
- Document with the applied methodology;
- Summary of comments and answers from Stakeholders;
- Evidences from e-mails (copy with a receipt note);
- Copy of e-mails with stakeholders answers;
- List of Stakeholders consulted.
CAR # 8: International Paper has consulted a list of 104 stakeholders, 51% of the stakeholders had replied back. Documents, such as e-mails and communications were evidenced. The most relevant local and national NGOs were consulted and involved in the process, including social and environmental NGOs, as showed in the list bellow. The company has also extended the consultation to other institutions and local community. Answers and clarifications from the company were presented, where some considerations were taken into account. Comments provided from stakeholders were mostly positive regarding the definition of HCVFs and attributes. The company considered the concept of landscape connectivity aiming to maintain or increase populations of the endangered species identified in its Management Units.

The company does not hold areas within indigenous, traditional communities or with social movements, as verified during the auditing. There were no negative comments regarding the implementation of the HCVFs, as evidenced in the answers. The comments were mostly related to suggestion on monitoring HCVs (attributes), which some were incorporated by International Paper.

Documents review:
- Public Consultation on HCVFs Document – sent on July/2010 to stakeholders, this document contain information about the company, FSC certification process, HCV and HCVF definitions, HCVFs and HCVs identified, maps, criteria, and a request for comments and suggestions;
- Procedure HCVF-001;
- Procedure FSC-001;
- List of all FMUs with potential attributes present;
- Document with the applied methodology;
- Summary of comments and answers from Stakeholders;
- Evidences from e-mails (copy with a receipt note);
- Copy of e-mails with stakeholders answers;
- List of Stakeholders consulted.

CAR # 9: The indicators and monitoring established for each HCVF were considered consistent with the chosen attributes. It was evidenced new indicators and monitoring for each HCVF, as follows:

1) HCVF Parque Florestal São Marcelo – HCV 1.1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limits/attribute level to be maintained</th>
<th>Monitoring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of events of deforestation, illegal hunting, fishing and fires</td>
<td>max 3 events/year.</td>
<td>Fire towers monitoring Vigilance</td>
<td>Weekly/daily</td>
</tr>
<tr>
<td>Number of pollinators and dispersal species found in the area</td>
<td>Minimum 80 registries/year</td>
<td>Visual monitoring Footprints Animal traces (e.g. excrements)</td>
<td>Annual</td>
</tr>
<tr>
<td>Biodiversity index of native trees</td>
<td>Minimum 80 species/ha</td>
<td>Permanent plots of monitoring</td>
<td>Annual</td>
</tr>
</tbody>
</table>

2) HCVF Floresta das Águas Perenes – HCV 4.1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limits/attribute level to be maintained</th>
<th>Monitoring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variation of the water flow within the year (seasons)</td>
<td>Seasonal variation of 30% in relation to the annual mean</td>
<td>Fluctuation method</td>
<td>monthly</td>
</tr>
<tr>
<td>Number of events of deforestation, illegal</td>
<td>Max 03 events/year</td>
<td>Fire towers monitoring Vigilance</td>
<td>Weekly/daily</td>
</tr>
<tr>
<td>Hunting, fishing and fires</td>
<td>Biodiversity index of flora in areas under restoration</td>
<td>Minimum 80 species/ha</td>
<td>Permanent plots of monitoring</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
</tr>
</tbody>
</table>

### 3) HCVF Cara Preta – HCV 1.2

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limits/attribute level to be maintained</th>
<th>Monitoring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of illegal hunting, fishing, fires and other man made events</td>
<td>Max 06 events/year</td>
<td>Fire towers monitoring Vigilance</td>
<td>Weekly/daily</td>
</tr>
<tr>
<td>Number of medium and big mammals</td>
<td>Minimum 20 registries/year</td>
<td>Systematic plots in sand ground; identification of traces; footprints; visual monitoring</td>
<td>Annual</td>
</tr>
<tr>
<td>Number of traces from Tamanduá bandeira (Myrmecophaga tridactyla)</td>
<td>Minimum 04 registries/year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4) HCVF Dois Córregos – HCV 1.2

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limits/attribute level to be maintained</th>
<th>Monitoring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of illegal hunting, fishing, fires and other man made events</td>
<td>Max 06 events/year</td>
<td>Fire towers monitoring Vigilance</td>
<td>Weekly/daily</td>
</tr>
<tr>
<td>Number of medium and big mammals</td>
<td>Minimum 20 registries/year</td>
<td>Systematic plots in sand ground; identification of traces; footprints; visual monitoring</td>
<td>Annual</td>
</tr>
<tr>
<td>Number of traces from Tamanduá bandeira (Myrmecophaga tridactyla)</td>
<td>Minimum 04 registries/year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 5) HCVF Águas Virtuosas – HCV 1.3 and HCV 3

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limits/attribute level to be maintained</th>
<th>Monitoring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of illegal hunting, fishing, fires and other man made events</td>
<td>Max 06 events/year</td>
<td>Fire towers monitoring Vigilance</td>
<td>Weekly/daily</td>
</tr>
<tr>
<td>Number of species of cave fauna</td>
<td>Minimum 10 species/year</td>
<td>Field assessments of fauna species occurring in the area</td>
<td>Annual</td>
</tr>
</tbody>
</table>

**Documents review:**

Besides the indicators and monitoring, International Paper also provided the following list of documents for each HCVF:

Procedure FSC-001:
6.5 - Pending minor Corrective Action(s) Request(s) and Recommendations

6.5.1 - Minor corrective actions requests

<table>
<thead>
<tr>
<th>Nº</th>
<th>Minor corrective action requested</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>03</td>
<td>To implement a method of ensuring the compliance with the Administrative Rule 63/2009 of DENATRAN (National Traffic Department), related to overloaded trucks.</td>
<td>Until the next monitoring</td>
<td>1.1.3. and 1.1.6</td>
</tr>
<tr>
<td>04</td>
<td>To standardize the content of the first aid boxes, make it available and stored in area free of contamination.</td>
<td>Until the next monitoring</td>
<td>4.2.4.</td>
</tr>
<tr>
<td>05</td>
<td>To implement measures to avoid the animals to access the pesticide deposit and provide the proper compartment of contaminated uniform and food for FMU Gramado</td>
<td>Until the next monitoring</td>
<td>4.2.7.</td>
</tr>
<tr>
<td>06</td>
<td>To ensure that the sub contractors comply with legal requirements regarding workers wages.</td>
<td>Until the next monitoring</td>
<td>8.1.2.</td>
</tr>
</tbody>
</table>

Comments on the Minor CAR:
Due to being isolated occurrences or not being considered “key” deviations, which could be restrictive to the continuing of the certification process, we have considered the aforementioned CARs as Minor, since there are consistent action and implementation plans to resolve the issues raised by the auditors.

**CAR 03: Description of the observations:** It was detected that the Company does not have a method of ensuring the compliance with the Administrative Rule 63/2009 of DENATRAN (National Traffic Department). This was considered a minor CAR because the company has implemented many other measures regarding legal compliances and this CAR does not jeopardize the accomplishment of the Principle 1.
Corrective Action Requested by the audit team: To implement a method of ensuring the compliance with the Administrative Rule 63/2009 of DENATRAN (National Traffic Department), related to overloaded trucks.

CAR 04: Description of the observations: We detected that the first aid boxes are not standardized and are stored in an area of restricted access to pesticide handlers. This is considered a minor CAR because it is not considered as a systematic activity within IP FMUs.

Corrective Action Requested by the audit team: To standardize the content of the first aid boxes, make it available and stored in an area free of contamination.

CAR 05: Description of the observations: It was observed that some animals accessed the pesticide deposit, improper storage of contaminated uniform and food storage in bags containing contaminated PPE. This is a minor CAR because this situation was limited of one FMU and the company is able to prompt comply with the corrections and avoid to its recurrence.

Corrective Action Requested by the audit team: To implement measures to avoid the animals to access the pesticide deposit and provide the proper compartment of contaminated uniform and food for FMU Gramado.

CAR 06: Description of the observations: We detected that the current system to manage sub contractors is not able to monitor if their employees receive fair wages. This is considered a minor CAR because this is unusual and not a systematic activity seen in subcontractors.

Corrective Action Requested by the audit team: To ensure that the sub contractors comply with legal requirements regarding workers wages

6.5.2 - Recommendations

Some recommendations were made following this audit mission concerning the various themes:

Planning

A. The Company should publish on its website a summary of its updated management plan.

B. The company should establish plannings and the monitoring of plantings configuration and location, aiming to mitigate impacts of harvesting over large areas, establish a maximum size of the areas to be harvested in the management unit, and landscape impacts.

C. The company could make better identification of the convoy-truck’s compartment

Environment
D. Prior environmental impacts assessment should be made for activities such as harvesting in large contiguous areas and other activities and such assessments be provided in procedures.

E. Road maintenance actions should be carried out along the roads embedded to Plot 249 of the Santa Fé plots.

F. The company should carry out refresher courses in order to ensure the selective collection of waste, with particular attention to contaminated waste.

G. The company should monitor the license validity/renewal period for renewal of companies to which its waste is destined.

H. IP should include the protected and conservation areas in the management plan maps.

Social intern

I. The company should critically analyze the results of periodic examinations of its employees in cases of deviations from established limits.

J. IP should reassess its PPRA for assessing the biological and ergonomic risks and risks of accidents and seek for the help/validation of a third party.

K. The company should clarify the nursery workers matters related to not eating within the established schedule.

Social extern

L. The Guardiões do Verde Project - a partnership between IP, Altinopolis City Hall and OSCIP Sabiá (Civil Society) which aims to empower teenagers through training on nursery skills - should increase the actions of advertisement and trading of the production of native seedlings.

7 - Certification scope

7.1 -  Geographical restriction for the forest entity

88,688 ha divided in 94 FMUs of eucalyptus plantations (for 62,515 ha) located in regional areas 1, 2 and 3, in São Paulo and Minas Gerais - Brazil.

7.2 -  Restriction at the forestry product level

Eucalyptus spp. round-logs.

8 - Certification decision
8.1 - Proposals regarding the certification decision

In our opinion, International Paper do Brasil Ltda. has shown to have a system capable of ensuring that all the applicable requirements of the standard are met in its management unit. The company has implemented corrective actions to meet the requirements as underlined by the major CAR, before being recommended for certification. The management system is being consistently implemented in the management unit’s area covered by the scope of certification.

8.2 - Certification decision

Following the initial audit processed from the 1st to the 5th of March 2010 under International Paper do Brasil management responsibilities, located in regions of São Paulo and Minas Gerais, and following the analysis of the corrective actions undertaken by the applicant, the wood and forestry Certification Committee has gathered on the 14th of September and pronounced the following deliberation:

Deliberation: Following the examination of the initial audit report referenced Ref: AR100502BR FSC FM IA CA IPB, Version: 2.0, the Certification Committee decides at the majority to grant a FSC FM/COC certificate to the company International Paper do Brasil Ltda.

This certificate issued has a validity of 5 years under the condition that the entity satisfies to the 4 minor Correctives Action Requests. These Correctives Actions will be evaluated in the first surveillance audit to ensure implementation on field of the actions taken.

Issued the 27 September 2010, reviewed the end of revision date

FM certification manager, Lead Auditor,

Heloise D’Huart José Ferrraz
B. Surveillance audit n° 1

9 - Base of evaluation

9.1 - Date of the surveillance evaluation

April 4 to April 8, 2011

9.2 - Composition of the audit team

Lead auditor: - Mrs. Maria Augusta Godoy (MPG), Forest Engineer, MSc. in Forest Ecology and Management, FSC FM qualified auditor on behalf of Bureau Veritas Certification, Auditor in ISO14.001 and PEFC, Environmental Impact, Biodiversity and Protected Areas Specialist, employee.

Auditors: - Mr. José Ferraz (JOF), FSC FM qualified FSC FM lead auditor on behalf of Bureau Veritas Certification, Forest Engineer, specialist in Social, Environmental and Public Policies, independent consultant.

- FSC FM qualified auditor on behalf of Bureau Veritas Certification, Agronomist Engineer, M.Sc. in Environmental Management, leader Auditor in ISO 9001, 14001, OHSAS 18001 and CERFLOR, independent consultant.

9.3 - Forest management referential used for the surveillance audit

There were no changes on the referential used since previous audit (RF03 FSC FM generic referential - version 3.2). Nevertheless, it was also used the referential SF03 FSC FM SA req, in order to assess specific topics for the surveillance audit. The use of the second check-list assured that the most important topics of the surveillance audit was taken into account.
10 - Information collecting modalities

10.1 - Description of the audit program

<table>
<thead>
<tr>
<th>Person</th>
<th>Date</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
</tr>
</thead>
</table>
| JOF MPG      | 04/04/2011| am   | Travelling/Mogi-Guaçu | - Auditors' travel  
- Arrival of the audit team at the company sites  
- First internal meeting of the team to prepare the Surveillance Audit  
- Organisation of the sites visit (forest farms, villages, logging sites, etc) |
| Audit team   |           |      | Mogi-Guaçu  | - Opening meeting (presence of the managers and his staff ; about 30 min) : Introducing BV, presentation of the team, explain the purpose of the Surveillance, short presentation of the company, confirmation of business confidentiality, presentation of the method of the audit and the information requested, agreed itinerary and accommodation organisation, confirm the availability of one or two appropriate member of the staff to accompany the team,...  
- Meeting with the forest management IP staff. |
| JOF Audit    | 05/04/2011| am   | Mogi-Guaçu  | - Principle 1 and 2  
- Research and development (P 4 - C 4.2, P10 - C10.4)/ Breeding, Biotechnology, OGM  
- Principle 10, 6 |
| team         |           |      |             | - Nursery (principle 4 and 6)  
- Principle 6, 8, 9 (Monitoring of flora, fauna, water resources, HCVF) |
## PRE-AUDIT

<table>
<thead>
<tr>
<th>Person</th>
<th>Date</th>
<th>Time</th>
<th>Place</th>
<th>Activity</th>
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<tbody>
<tr>
<td>MPG</td>
<td></td>
<td></td>
<td>Mogi-Guaçu</td>
<td>- Silviculture, Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<tr>
<td>JOF</td>
<td></td>
<td>pm</td>
<td>Region 2</td>
<td>- Principle 1, 6, 8 and 9 – Environmental Documents (Forest Code – APP and RL, environmental programs)</td>
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<td>Audit team</td>
<td>06/04/2011</td>
<td>am</td>
<td>Region 1</td>
<td>- Harvesting e transport/Sub-contractors (6,8,10)</td>
</tr>
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<td></td>
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<td></td>
<td>- Review of action taken for the CARs resolution – CAR3</td>
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<td></td>
<td></td>
<td>Region 1</td>
<td>- Principle 6 and 10 – Risk managements (Fire), derogation documents and use of chemical products</td>
</tr>
<tr>
<td>JOF</td>
<td></td>
<td></td>
<td>Region 1</td>
<td>- Principle 6 and 10 – Silviculture, pesticides application, forest maintenance</td>
</tr>
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<td>- Waste management, pesticide deposit</td>
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<tr>
<td>Audit team</td>
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<td></td>
<td>Region 2</td>
<td>- Health and Safety</td>
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<td>- Principle 6, 8 and 10- Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<td>- Review of action taken for the CAR 4 resolution</td>
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<td>MPG</td>
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<td>Region 1</td>
<td>- Complaints review</td>
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<td>- Training</td>
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<td>- Review of action taken for the CAR 6 resolution</td>
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<td>- Review of action taken for the CAR 5 resolution</td>
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<td>- Principle 6, 8 and 10- Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<tr>
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<td>- Review of action taken for the CAR 4 resolution</td>
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### PRE-AUDIT

<table>
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<th>Activity</th>
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<tbody>
<tr>
<td>MPG</td>
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<td>Region 1</td>
<td>resolution</td>
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<td>- FSC trademark use, Pest Management</td>
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<tr>
<td></td>
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<td>- Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<tr>
<td>JOF</td>
<td>07/04/2011</td>
<td>am</td>
<td>Region 1</td>
<td>Document review: management plan, maps - Principle 7</td>
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<tr>
<td>Audit team</td>
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<td>Region 3</td>
<td>- Principle 6, 8 and 10 - Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<tr>
<td>MPG</td>
<td></td>
<td>pm</td>
<td>Region 2</td>
<td>- Principle 3 and 4 - Social programs</td>
</tr>
<tr>
<td>JOF</td>
<td></td>
<td></td>
<td>Region 1</td>
<td>- Forest Benefits (P5), Social Programs</td>
</tr>
<tr>
<td>Audit team</td>
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<td>Region 2</td>
<td>- Principle 6, 8 and 10 - Harvesting e transport/Sub-contractors, planting, pesticide application</td>
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<tr>
<td>MPG</td>
<td></td>
<td></td>
<td>Region 3</td>
<td>- Workers Trade Union interview</td>
</tr>
<tr>
<td>JOF Audit Team</td>
<td></td>
<td>am</td>
<td></td>
<td>- Audit team meeting; final Wording of the Corrective action Request and other documents.</td>
</tr>
<tr>
<td>MPG</td>
<td></td>
<td></td>
<td>Mogi-Guaçu</td>
<td>- Intermediate meeting with the member of the company in charge of the certification.</td>
</tr>
<tr>
<td>JOF Audit team</td>
<td>08/04/2011</td>
<td>pm</td>
<td></td>
<td>- Closing meeting. Presence of the management and his staff is requested. Presentation of the Corrective Action Request, Reminding of the procedure, conclusion of the Surveillance audit questions.</td>
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</tbody>
</table>

**10.2 - Total man days for the audit**
In total, the audit team took 13.5 man days to perform the audit, including time spent on auditing documents and records, interviewing stakeholders, and carrying out field work. Time spending with travelling was around 1.5 man days.

10.3 - On-site visit(s)

In the first surveillance audit, 3 (three) regions were visited: Region of Mogi-Guaçu (Region 1) Region of São Simão (Region 2) and Region of Altinópolis (Region 3). These 3 regions represent 100% of the total regions certified.

The selected forest areas were visited according to different criteria, such as: to include at least two regions (50% of the total area) with different administrative offices, to visit HCVFs, to verify most of silviculture operations in place during the time of audit in different regions (planting, harvesting, pesticides application, so on), to visit social projects and native forests conditions. All these topics, together with the minimum requirements (criteria to be evaluated) of surveillance audit were taken into account in advance to plan the audit.

Each region presents different plantation areas, called “Hortos”. Each region has its central office, where all monitoring and programs are carried out. Even so, everything is controlled by the coordinator of each sector (environment, social, production, among others).

Thus, the selection of “Hortos” to be visited within each FMU was taken according to the activity on site in process at the moment of the audit. During the operational verification, harvesting, transport and fertilization activities were checked on site, as well as planting. The 15 FMUs visited during the surveillance audit are listed below:

- Herto São Benedito;
- Herto Gramado;
- Herto Luis Antonio;
- Herto Altinópolis;
- Herto Vale Aprazível;
- Herto Maria Estela;
- Herto Santa Cruz;
- Herto Bom Retiro;
- Herto Casa Branca;
- Herto Santa Fé A;
- Herto Santa Fé B;
- Herto Cara Preta;
- Herto Fibra 4;
- Herto Santa Terezinha;
- Horto Bela Vista.

Activities regarding nursery, health and safety and social programs were mostly verified in FMU Mogi-Guaçu, as well as documents from environmental programs and monitoring, compliance with environmental laws and regulations, and HCVFs.

Public consultation was carried out by interviewing workers and governmental institutions (Social Program – Youth Training, and Rural Workers Trade Union of Batatais/Altinópolis).

10.4 - Documents review

- Revised Management Plan;
- HCVF Parque São Marcelo, Águas Perenes and Cara Preta – management, attributes, monitoring and description.
- Environmental licenses;
- Adjustment Term, Legal Reserve spreadsheet and monitoring registries – fauna, flora, water resources;
- Environmental and Social programs documents and registries;
- Degraded areas restoration – Permanente Preservation Areas;
- Flora and Fauna studies;
- Environmental registry – field forms;
- Environmental impact and aspects datasheet;
- Operational activities – harvesting procedures, integrated pest management, service orders, monitoring, driver’s controlling datasheet (time/shift).
- Social and legal procedures – communication, land dispute datasheet, commuting hours (hours in itinere);
- Complaints management spread sheet;
- Chemical products list;
- Derogation procedures and monitoring;
- Occupational Risk Assessments;
- Accident and fire records;
- Training records;
- PPRA (Program for the Prevention of Environmental Risks) and PCMSO (Program on Occupational Health Control) of IP and subcontractors.

10.5 - Stakeholders identification and consultation

Stakeholders were first identified during a pre-audit consultation (April/2009), then during the pre and initial audit (March/2010) and formally consulted during the surveillance audit (April/2011).

Besides the 53 people interviewd during the audit, we have also consultuded:
10.6 - Interview(s) of involved people met

- Manager(s):
  - Robson Laprovitera – Planning Manager

- Employee(s):
  - Adauto de Carvalho - Forestry Technician
  - Ana Maia - HR Analyst
  - Ana Sarrão – Communication
  - Anderson Senne - Technical Work Safety
  - Carlos Couto - Security Technician
  - Cleber Ruy - Supervisor of Silviculture
  - Elaine Nascimento - Analyst Forest Management System
  - Elton Johnn
  - Emerson A. Honório
  - Érica Almeida – Lawyer
  - Everaldo A. Campos
  - Flavio Augusto - forest researcher
  - Glauca Faria - Analyst of Social Responsibility
  - João Carlos Barbosa - Forestry Coordinator
  - João Machado - Environmental Technician
  - João Morato - GIS Coordinator
  - José da Silva Teixeira – Silviculture Supervisor
  - Jose Teixeira - supervisor of forestry
  - Karla Weber
  - Lindomar Rosa
  - Lizzi Lemos Colla- Sustainability Coordinator
  - Marcela Castoldi
  - Maria Aparecida Gallo
  - Miguel Diniz Magela - Management Systems Coordinator
  - Narciso Cardoso – Forest Researcher
  - Paul Vomero - Supervisor of Silviculture
  - Pedro Costa - GIS Analyst
  - Rafael Mariano da Silva - Environmental Technician
  - Rosmily Campos - HR Analyst
  - Silvio Franco – Tax Management; Tiago Corrêa Matos - Safety Engineer

- Mr Jair Pinto de Lima – Director of the Rural Workers Trade Union of Batatais.
- Tiago Matos
- Sub contractors:
  - Alcy de Oliveira – JRM – silviculture operations
  - Carlos A. de Lima – JRM – silviculture operations
  - Carlos de Lima – JRM – silviculture operations
  - Claudecir Abreu - Urenha Transport
  - Claudinei de Araujo – JRM – silviculture operations
  - Edivaldo – JRM – silviculture operations
  - Edson Garcia - Team Leader for the field of chemical weed control activities – silviculture operations
  - Edvaldo Siqueira – JRM – silviculture operations
  - Elton Johnn – JRM – silviculture operations
  - Emerson A. Horácio – JRM – silviculture operations
  - Everaldo A. Campos – JRM – silviculture operations
  - Genival Dantas – Tractor driver – silviculture operations
  - Hudson Augusto – JRM – silviculture operations
  - Josie Jocamini - Technical Security JRM – silviculture operations
  - Luciano A. Vian - Urenha Transporte
  - Luis C. de Lima – JRM – silviculture operations
  - Marcelo Adriano da Silva - bus driver JRM
  - Marcos A. do Carmo - Urenha Transporte
  - Sebastião M. de Souza - Urenha Transporte
  - Wallace Rodrigues dos Santos - General services JRM – silviculture operations

10.7 - Other evaluation techniques
No other evaluation technique was performed besides visiting sites, offices, consulting stakeholders, verifying documentation, interviewing employees and sub contractors.

10.8 - FSC trademark use control
The FSC trademark is rarely used by the company. In IP webpage it is just mentioned the FSC Certification. It was raised an Recommendation “P” to request previous authorization for using FSC trademark in fairs. The company showed a draft of banner that was about to be used, but it applied for BV authorization in time. However, it was observed some misunderstanding regarding the approval of FSC trademark.
Invoices do not carry an FSC trademark, not even documents from transport of certified wood, resulting in non-conformity (CAR 14) of the system.

10.9 - Controversial elements
There was no controversial element identified in this first surveillance audit.

10.10 - Changes since last audit

No changes were identified since the last audit.

10.11 - Surveillance audit closing meeting

International Paper has agreed with the CARs and observations raised by the audit team. The audited company representative has signed the non-conformity form (SF02) presented (attached).

11 - Audit team observations

11.1 - Actions taken in order to answer to the Corrective Action Requests from the previous audit

<table>
<thead>
<tr>
<th>N°</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
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<td>Date of closure</td>
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</tbody>
</table>
| 03 | To implement a method of ensuring the compliance with the Administrative Rule 63/2009 of DENATRAN (National Traffic Department), related to overloaded trucks. | 1.1.3                | It was evidenced through a newspaper circulating within the company and photography, tests for field equipment, performed between November 16th and 19th, 2010, in order to measure the weight of timber trucks used on loading and transport. This equipment, after completion of testing, could be used to control more precisely the weight of cargo loaded in the field, avoiding the transport with overloaded vehicles. International Paper also established in its contract with the company for transport and shipping timber, in clause 7.28, the obligation to fulfill the Law of Balance (Law 7408/85) and Resolution CONTRAN 258/07, establishing the maximum acceptable of 5% over the weight limits for trucks. The clause in the contract also provides that the percentage exceeded in tons must be subtracted from the contractor, namely:  
  ▪ 1st year - up 3% Tolerance  
  ▪ 2nd year - up 2% Tolerance  
  ▪ 3rd year - 1% Tolerance  
  ▪ 4th year - 0% Tolerance  

The contract also entails that IP may refuse to receive timber if the weight exceeds the limits allowed by law. | Closed       | 01/03/2011         |
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<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
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</thead>
<tbody>
<tr>
<td>04</td>
<td>To standardize the content of the first aid boxes, make it available and stored in area free of contamination.</td>
<td>4.2.4</td>
<td>It was shown in the document PROC-018-5, that emergency kits should be available to employees, and its content was standardized in accordance with item 6 of the Performance Indicator in Health, Safety and Environment, besides the procedure above mentioned. The Performance Indicator in Health, Safety and Environment Company was shown for the subcontractors JRM Florestal Ltda and Cotrama, as examples of investigations conducted periodically to assess emergency kits, among other related factors. Corrective action accepted by the audit team.</td>
<td>Closed</td>
<td>01/03/2011</td>
</tr>
<tr>
<td>05</td>
<td>To implement measures to avoid the animals to access the pesticide deposit and provide the proper compartment of contaminated uniform and food for FMU Gramado.</td>
<td>4.2.7</td>
<td>It was evidenced the following documents: registration of training on hygiene and safety, including handling of contaminated materials, personal hygiene, PPE, as well as the procedure PRO-002-3 - requires the proper use of PPE. The Company has provided photos of the pesticide warehouse with a protective screen on windows (avoiding the entry of animals), photos of cabinets to store PPEs and containers for storage and shipment of contaminated clothing for laundering. Corrective action accepted by the audit team.</td>
<td>Closed</td>
<td>01/03/2011</td>
</tr>
<tr>
<td>N°</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
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</tr>
<tr>
<td>06</td>
<td>To ensure that the subcontractors comply with legal requirements regarding workers wages.</td>
<td>8.1.2</td>
<td>It was evidenced the procedure SST-032-2 and appendix related to payments and working shifts survey, among others. As an example, it was evidenced surveys from TecnoTerra, Ambitec Ltda and JRM Florestal – subcontractors. The company established a monitoring system to verify if the subcontractor’s are paying a fair and legal wage. According to the procedure above mentioned, the manager of the contract will assess the surveys and may even stop the activity if a non compliance is found.</td>
<td>Closed</td>
<td>01/03/2011</td>
</tr>
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</table>

### 11.2 - Action taken in order to answer the previous recommendation

<table>
<thead>
<tr>
<th>N°</th>
<th>Recommendation</th>
<th>Status</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>The Company should publish on its website a summary of its updated management plan.</td>
<td>Updated Management Plan published in the website</td>
</tr>
<tr>
<td>B</td>
<td>The company should establish plannings and the monitoring of plantings configuration and location, aiming to mitigate impacts of harvesting over large areas, establish a maximum size of the areas to be harvested in the management unit, and landscape impacts.</td>
<td>Action plan verified in order to rotate harvesting areas and study to minimize impacts. The plan includes harvesting in different moments of the year in the same area, allowing time and space for fauna to escape, if necessary.</td>
</tr>
<tr>
<td>C</td>
<td>The company could make better identification of the convoy-truck’s compartment.</td>
<td>During the surveillance audit, it was found that some vehicles were not in compliance regarding mechanical and electric maintenance - See CAR 18 issued</td>
</tr>
<tr>
<td>D</td>
<td>Prior environmental impacts assessment should be made for activities such as harvesting in large contiguous areas and other activities and such assessments be provided in procedures.</td>
<td>Action plan verified in order to rotate harvesting areas and study to minimize impacts. The action plan will be turn out as an internal procedure.</td>
</tr>
<tr>
<td>E</td>
<td>Road maintenance actions should be carried out along the roads embedded to Plot 249 of the Santa Fé plots.</td>
<td>Road Maintenance is done regularly by the company. During field activities, roads maintenance were verified.</td>
</tr>
<tr>
<td>F</td>
<td>The company should carry out refresher courses in order to ensure the selective collection of waste, with particular attention to contaminated waste.</td>
<td>Waste management was evaluated and the CAR 12 was issued regarding waste deposit control.</td>
</tr>
<tr>
<td>G</td>
<td>The company should monitor the license validity/renewal</td>
<td>There is established for operational</td>
</tr>
</tbody>
</table>
period for renewal of companies to which its waste is destined.

control of all waste generated in the form of documented procedure, which provides for the proper handling of waste from its generation to final destination. This includes the proper identification and target companies and licensed sites.

A field audit was limited to verifying the correct segregation and identification of waste generated.

H | IP should include the protected and conservation areas in the management plan maps.
Maps of conservation areas were evidenced in the management plan.

I | The company should critically analyze the results of periodic examinations of its employees in cases of deviations from established limits.
See CAR 10 issued on Occupational Health

J | IP should reassess its PPRA for assessing the biological and ergonomic risks and risks of accidents and seek for the help/validation of a third party.
PPRA assessed and a ergonomic plan verified by the audit team. It comprised studies for improvement on ergonomic issues.

K | The company should clarify the nursery workers matters related to not eating within the established schedule.
Nursery’s workers had no complaint regarding working conditions. This was verified by interviews in the nursery area.

L | The Guardiões do Verde Project - a partnership between IP, Altinopolis City Hall and OSCIP Sabiá (Civil Society) which aims to empower teenagers through training on nursery skills - should increase the actions of advertisement and trading of the production of native seedlings.
Company broadcast the project in the management plan.

11.3 - Evaluation of the general conformity level of the entity
International Paper strong points are related to the equalization between IP workers and subcontractors regarding awareness related to health and safety, competence, working conditions, nutrition, physical structures in the field (area of living, transportation) and equipment conditions.

The beekeeping project very well developed, with established procedures that clearly define all the responsibilities, conditions and criteria to be applied within the partnership. The use of pole chain saw replacing axes contributed with huge gains in the physical, safety and ergonomics.

However, the audit team understands that monitoring (in general) can be further developed by the company.

11.4 - Eventual changes in the scope of certification
There were no changes in the scope of the certification.
12 - Proposals regarding the certification decision

12.1 - Description of new recommendations

<table>
<thead>
<tr>
<th>N°</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>The São Marcelo HCVF should be assessed whether the level of biodiversity indicator is placed as an indicator or as a target be achieved.</td>
</tr>
<tr>
<td>N</td>
<td>Operational procedures should incorporate specific activities, such as a result of the wildlife monitoring and project Bem-te-vi.</td>
</tr>
<tr>
<td>O</td>
<td>In case of application of insecticides close to neighboring areas, the company should include the &quot;comunicações florestais procedures&quot; together with the attention signs, in order to avoid any harm to the health of animals and people.</td>
</tr>
<tr>
<td>P</td>
<td>Promotional materials used for disclosure of the FSC logo must be approved beforehand by the BV certification office, and appropriate technical specifications must be met.</td>
</tr>
<tr>
<td>Q</td>
<td>The company should reassess the contents of contracts with carriers and additives, to protect more effectively the implementation of Portaria 63/2009.</td>
</tr>
<tr>
<td>R</td>
<td>The company should record the contact made with the interested party at the end of any complaint or requisition process.</td>
</tr>
<tr>
<td>S</td>
<td>To include in the Company’s worksheet &quot;BSC Real Estate&quot; in the item of Geoprocessing with INCRA, information concerning the conduct of processes of land regularization and data on the number of cases and hectares involved.</td>
</tr>
<tr>
<td>T</td>
<td>To provide the visual check of the logging trucks to all his compositions in regards to subcontractors of timber transport.</td>
</tr>
<tr>
<td>U</td>
<td>The logging trucks should be checked in regards to oil tanks, MSDS, and the functionality of the items for emergency response.</td>
</tr>
<tr>
<td>V</td>
<td>The company should make public its proposal to reduce the use of pesticides and the use of integrated pest management in its policy of sustainable forest development.</td>
</tr>
<tr>
<td>W</td>
<td>The company should inform the certification body about the completion of the harvesting process and closing process with CTNBio regarding the research of GMOs.</td>
</tr>
<tr>
<td>X</td>
<td>The company should perform an analysis of fire records in order to monitor the leading causes of fire and take appropriate action to mitigate it.</td>
</tr>
<tr>
<td>Y</td>
<td>The company should provide a suitable place for temporary storage battery of tractors and trucks until the time of final disposal.</td>
</tr>
</tbody>
</table>

Comments on the Recommendations:

**Recommendation M**: Some indicators established to monitor attributes of HCV could be also understood as a target to achieve, but they still work as an indicator.
to monitor the conservation of the attributes given, i.e: number of undesirable fire in native areas.

**Recommendation T**: Some vehicles showed electrical problems.

### 12.2 - New Minor Corrective Action Requests

<table>
<thead>
<tr>
<th>Nº</th>
<th>Minor corrective action requested</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>To provide effective monitoring on the validity of the Certificates of Occupational Health (ASO) of contractor’s employees.</td>
<td>Until the next auditing</td>
<td>4.2.1</td>
</tr>
<tr>
<td>11</td>
<td>To monitor the implementation of CIPA contractors.</td>
<td>Until the next auditing</td>
<td>4.2.2</td>
</tr>
<tr>
<td>12</td>
<td>To implement containment structures in the contaminated waste deposit.</td>
<td>Until the next auditing</td>
<td>6.1.1</td>
</tr>
<tr>
<td>13</td>
<td>To identify communities presence in the surrounding areas of IP and reassess the ongoing process of consultation of the social aspects of communities affected by forest operations in order to obtain information about the level of satisfaction of these communities.</td>
<td>Until the next auditing</td>
<td>4.4.1 e (4.4.5)</td>
</tr>
<tr>
<td>14</td>
<td>To include in the transport document of certified timber the FSC certificate number and related information.</td>
<td>Until the next auditing</td>
<td>8.3.5</td>
</tr>
<tr>
<td>15</td>
<td>To implement a system of registration and monitoring of insecticides and fungicides applications in order to keep information about the list of chemicals, the incidence of pests, diseases and consumption of pesticides, as well as inform the certification body in case of use of aerial applications.</td>
<td>Until the next auditing</td>
<td>6.6.6</td>
</tr>
<tr>
<td>16</td>
<td>To ensure the cleanliness and the proper security access for their workers to the oil separation box, located in Horto Mogi Guacu, and to perform the removal of bamboo clump.</td>
<td>Until the next auditing</td>
<td>4.2.6</td>
</tr>
<tr>
<td>17</td>
<td>To develop a policy for managing conflicts, aimed at achieving long-term solutions, improving the quality of life and long-term relationship with the local community.</td>
<td>Until the next auditing</td>
<td>4.5.3</td>
</tr>
<tr>
<td>18</td>
<td>To strengthen company’s monitoring activities related to compliance of NR31 for machines and equipment from operating activities, ensuring that small deviations in meeting the standard are resolved.</td>
<td>Until the next auditing</td>
<td>8.1.1</td>
</tr>
<tr>
<td>19</td>
<td>To assess the monitoring and evaluation of quality seedlings that are used in commercial plantations, as evidenced by the stand 30H of Horto Areia Branca.</td>
<td>Until the next auditing</td>
<td>5.1.2</td>
</tr>
</tbody>
</table>

**Comments on the minor CAR:**
CAR # 10: It was evidenced that two subcontractor’s employees had their Certificates of Occupational Health (ASO) expired. Thus, it was requested to monitor ASO validity from subcontractors. It is a minor CAR due to a punctual event.

CAR # 11: It was evidenced that the subcontractor JRM Florestal was with its CIPA (Internal Commission of Accidents Protection) expired on October 2010. It is a minor CAR due to a punctual event.

CAR # 12: In Altinópolis, the deposit of contaminated waste does not present a contention structure in case of emergency or product spill. It is a minor CAR since all other measures are taken into account.

CAR # 13: IP does not have a complete list of communities in the surrounding forest areas. The list presented refers to municipalities, institutes and NGOs, but does not include distant neighborhood that might be affected by forest operations. It is a minor CAR because the communities affected are informed whenever a forest operation is carried out, even though the list is not updated.

CAR # 14: Timber logs received in the log yard does not come along with FSC identification in its invoices. It is a minor CAR because the company can identify if it is certified or not by the forest stand registry.

CAR # 15: IP has performed aerial pesticides and did not inform the certification body, even though it might be considered a harmful operation. The system to register the incidence of pests and diseases are not well managed. It is a minor CAR because the company does monitor and register the use of chemicals.

CAR # 16: In Horto Mogi-Guacu, the oil separations box was difficult to be accessed, jeopardizing its regular cleanliness. In addition, a bamboo clump was an obstacle to workers access. It is a punctual issue.

CAR # 17: It was not evidenced a policy in place for managing conflicts, in case that IP faces issues with communities and other stakeholders. It is a minor CAR due to the fact that the company has a social department that deals with social demands.

CAR # 18: During field activities, some deviations were found related to maintenance of vehicles (e.g. headlights broken). It is a minor CAR because it does not jeopardize any principle of the FSC.

CAR # 19: Seedlings verified during a planting activity showed very low quality and bad formation, which may put at risk the economical “sustainability” of the business. It is a minor CAR because the company has enough areas of timber supply to attend the industry demand.

12.3 - New Major Corrective Action Requests

No Major CAR was issued during the first surveillance.

12.4 - Conclusion of the audit team
The first surveillance audit was carried out as planned and it is concluded that the organization does not present any major deviation regarding FSC principles and criteria. It follows therefore that International Paper may continue the FSC-certified forest management of all the three regions presented in its scope.

13 - Certification decision

After analysis of the conclusions of the audit team and after review of the Corrective Action Request, the Wood and Forestry department of Bureau Veritas Certification decides to maintain the FSC certificate of the company. Nevertheless the company shall implement the necessary actions to answer the minor CARs and to maintain the conformity to the FSC applicable standards.

Issued the 4th May 2011, reviewed the 18th August 2011, finalised the 14th of October.

FM certification manager,  
Vincent PELÉ

Lead Auditor,  
Maria Augusta GODOY
C. Surveillance audit n° 2

14 - Base of evaluation

14.1 - Date of the surveillance evaluation

14.2 - Composition of the audit team

Lead auditor: - Mrs. Maria Augusta Godoy, Forest Engineer, MSc. in Forest Ecology and Management, FSC FM qualified auditor on behalf of Bureau Veritas Certification, Environmental Impact, Biodiversity

Auditors: - CB, FSC FM qualified auditor on behalf of Bureau Veritas Certification, Chemical Engineer, M.Sc. in Forestry Pulp and Paper, leader Auditor in ISO 9001, 14001, OHSAS 18001, independent consultant..

14.3 - Forest management referential used for the surveillance audit

There were no changes on the referential used since previous audit (RF03 FSC FM generic referential - version 3.2). Nevertheless, it was also used the referential SF03 FSC FM SA req, in order to assess specific topics for the surveillance audit. The use of the second check-list assured that the most important topics of the surveillance audit was taken into account.

15 - Information collecting modalities

15.1 - Description of the audit program

<table>
<thead>
<tr>
<th>2nd Surveillance Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Person</strong></td>
</tr>
</tbody>
</table>
| BUS MPG | 19/03/2012 | am | Travelling/Mogi-Guaçu | - Arrival of the audit team at the company sites  
- First internal meeting of the team to prepare the Surveillance Audit  
- Organisation of the sites visit (forest farms, villages, logging sites, etc) |
<table>
<thead>
<tr>
<th>Date</th>
<th>Session Time</th>
<th>Location</th>
<th>Topics Discussed</th>
</tr>
</thead>
<tbody>
<tr>
<td>20/03/2012</td>
<td>am</td>
<td>Mogi-Guaçu</td>
<td>Principle 2, Review of action taken for the CARs resolution – CAR, Nursery (principle 4 and 6)</td>
</tr>
<tr>
<td></td>
<td>pm</td>
<td></td>
<td>GMO research, Review of action taken for the CARs resolution – CAR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>derogation documents and use of chemical products/ Pest management</td>
</tr>
<tr>
<td>21/03/2012</td>
<td>am</td>
<td>Region 3 – Altinópolis</td>
<td>HCVF Águas Virtuosas and HCVF Cara preta</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Region 1</td>
<td>Regional Development (P5.2,5.4)/Planning/Inventory/Harvesting data (P 5.1, 5.3, 5.6,)</td>
</tr>
</tbody>
</table>
### 15.2 - Total man days for the audit

In total, the audit team took 9 man days to perform the audit, including time spent on auditing documents and records, interviewing stakeholders, and carrying out field work. Time spending with traveling was around 1 man days.

### 15.3 - On-site visit(s)

In the second surveillance audit, 3 (three) regions were visited: Region of Mogi-Guáçu (Region 1) Region of São Simão (Region 2) and Region of Altinópolis (Region 3). These 3 regions represent 100% of the total regions certified.

The selected forest areas were visited according to operations in place during the time of audit in different regions (planting, harvesting, pesticides application, so on), to visit social projects and native forests conditions. All these topics, together with the minimum requirements (criteria to be evaluated) of surveillance audit were taken into account in advance to plan the audit.

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Region/Region</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/03/2012</td>
<td>am</td>
<td>Region 3</td>
<td>Silviculture procedures and field work</td>
</tr>
<tr>
<td></td>
<td>pm</td>
<td>Region 1</td>
<td>FSC Trademark Use</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Monitoring: environment, social and harvesting Principle 8.1, 8.2, 8.3</td>
</tr>
<tr>
<td></td>
<td>pm</td>
<td>Region 3</td>
<td>Silviculture procedures and field work</td>
</tr>
<tr>
<td></td>
<td>am</td>
<td>Region 1</td>
<td>Harvesting and Waste Management</td>
</tr>
<tr>
<td>23/03/2012</td>
<td>am</td>
<td>Mogi-Guáçu</td>
<td>Audit team meeting; final Wording of the Corrective action Request and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>other documents.</td>
</tr>
<tr>
<td></td>
<td>pm</td>
<td></td>
<td>Intermediate meeting with the member of the company in charge of the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>certification.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Closing meeting. Presence of the management and his staff is requested.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Presentation of the Corrective Action Request, Reminding of the procedure,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>conclusion of the Surveillance audit questions.</td>
</tr>
</tbody>
</table>
There were no complaints from stakeholders that should be verified in the field. The FMUs visited during the surveillance audit, chosen in order to be representative, are listed below:

- FMU Santa Terezinha;
- FMU Gramado;
- FMU Bom Retiro;
- FMU Areia Branca;
- FMU Nossa Senhora das Graças;
- FMU Nossa Senhora Aparecida;
- FMU Santa Fé A;
- FMU Santa Fé- Águas Virtuosas;
- FMU Mogi-Guaçu
- FMU Águas Virtuosas;
- FMU Planalto;
- FMU Cara Preta.

The Audit team visited 12 FMUs on 97, what is superior to the minimal sample formula required by the standards which is X=0,8*√Y, where X is the minimal sample and Y the total number of FMUs.

In our case, 0.8*√97 = 7,88, the minimal sample in Initial audit is 8 FMUs, thus it is 4 FMUs in surveillance.

Activities regarding nursery, health and safety and social programs were mostly verified in FMU Mogi-Guaçu, as well as documents from environmental programs and monitoring, compliance with environmental laws and regulations, and HCVFs.

Public consultation was carried out by interviewing workers and other stakeholders such as non-governmental institutions (OSCIP Sabia) and neighbors.

### 15.4 - Documents review
- Revised Management Plan;
- HCVF Parque Águas Perenes, Águas Virtuosas Parque São Marcelo, Dois Córregos, Águas Virtuosas – management, attributes, monitoring and description.
- Environmental licenses;
- GMOs licenses and reports;
- Derogation reports and studies;
- Chemical’s consumption list;
- Micro planning of the FMUs visited;
- Monitoring registries – fauna, flora, water resources;
- Waste disposal invoices;
- Communication procedures;
- Worker’s payslip;
- Restoration of native forests reports;
- Environmental and Social programs documents and registries;
- Flora and Fauna studies;
- Operational activities – harvesting procedures, integrated pest management, service orders, monitoring;
- Social and legal procedures – communication, land dispute datasheet, commuting hours (hours *in itinere*);
- Complaints management spread sheet;
- Chemical products list;
- Training records;
- PPRA (Program for the Prevention of Environmental Risks) and PCMSO (Program on Occupational Health Control) of IP and subcontractors;
- Occupational Risk Assessments;
- Accident and fire records;
- Planning and Inventory records.

For detailed information on what documents were verified, please check in the auditor's check-lists.

15.5 - **Stakeholders identification and consultation**

Stakeholders were first identified during a pre-audit consultation (April/2009), then during the pre and initial audit (March/2010) and formally consulted during the first surveillance audit (April/2011) and then during the second surveillance audit (March 2012).

Besides the people interviewed during the audit, we have also consulted:
- Mrs. Valquíria Peres de Lima – OSCIP Sabiá Manager (NGO).
- Denílson Gonçalves – Manager - Oriçanga Farm, Mogi-Guaçu, SP (neighbour).
- Rivaldo Donizete - Manager - GRANJA SÃO JOSÉ – Mogi-Guaçu –SP (neighbour).

15.6 - **Interview(s) of involved people met**

- Manager(s):
  - Mr. Adriano Emanuel Amaral – Manager of Research and Development
  - Mr. Robson Laprovitera – Sustainability Manager
  - Mr. Miguel Magela – Environmental Coordinator

- Employee(s):
  - Mr. Paulo Roberto Faquinete – Research and development Analyst
  - Mr. Sebastião de O. Filho Operational Researcher
  - Mr. Jair Aparecido – Leader of Research and Development
  - Mr. Flavio Augusto – Forestry Researcher
  - Mr. Rafael Mariano – Environmental technician
  - Mr. Vinicius Geraldo Helmer – Trainee
  - Mr Ricardo Zufelato – Forest operations Supervisor
  - Mr. Anderson Schinorr – Harvesting Supervisor
  - Mr. Gilberto Freire – Work Safety Technician
- Mr. Rafael Mariano - Environmental technician
- Mr. Valdir Ferreira Filho – Mechanic
- Mr. Clodoaldo Moreira – Truck driver
- Mr. Renato Meulman: Nursery Supervisor
- Mr. Dásio Mário Ataíde: Nursery Technician
- Mr. Donizete Brito da Silva: Pesticide application – Field worker
- Mrs. Adelina Aparecida Simoso Maroni: Tractor driver
- Mr. Mauro Sérgio Fabris: Field worker in charge
- Mr. Thiago Freitas: Agriculture Engineer
- Mr. Tiago Correa: Health and Safety Coordinator
- Mr. Anderson Sene – Work Safety Technician
- Mrs. Daniele Moreira de Oliveira: Nurse
- Mr. José da Silva Teixeira - Silviculture Supervisor
- Mrs. Karla Simone Weber – Planning and Inventory Supervisor
- Mr. Paulo Moretti: Harvest and Transport Coordinator
- Mr. Roberto Fernandes - Harvest and Transport Analyst
- Mr. João Roberto Moraes: Truck weighing-machine
- Mr. João Paulo da Silva: Truck weighing-machine
- Mrs. Elaine Nascimento – Forest System Management Analyst
- Mr. Donizetti Marçal de Moraes – Field worker in charge
- Mr. Mauro Trevisan - Field worker in charge
- Mr. Valdir Deus Campos - Field worker in charge
- Mr. Donizeti Aparecido Ferreira Neves: Tractor Driver
- Mr. Alex Porte - field worker
- Mr. João Batista dos Santos: field worker
- Mr. Mauri de Lima: field worker
- Mr. Anderson Sene – Work Safety technician
- Mr. José da Silva Teixeira - Silviculture Supervisor
- Mr. Mário Zotto: Harvesting Supervisor
- Mr. Marcos Antônio Pereira - Mechanic – Forest Machines
- Mr. José Ribeiro: Forest Machines Operator
- Mr. José Roberto Magalhães: Forest Machines Operator
- Mr. Anderson Sene - Work Safety technician

- Sub contractors:
  - Mr. Adolfo Mesquita – Forest machine driver – GA Forest S/A
  - Edvaldo Silva – Truck driver – GA Forest S/A
  - Mr. Sebastião Ferraz: Bus Driver – Empresa Willtur Transporte e Turismo Ltda.
  - Mr. Márcio de Jesus Soares da Silva: Motorista – Empresa GA Forest

No other evaluation technique was performed besides visiting sites, offices, consulting stakeholders, verifying documentation, interviewing employees and sub contractors.

15.7 - FSC trademark use control

The FSC trademark is used on delivery invoices between the forest stand and the Pulp and Paper Plant/Logyard. No deviations in promotional use or invoices were
identified. Delivery notes comprised information such as: the origin of the certified product; the name and contact of the candidate; the name and contact of IP; date; the amount of certified products in kg and m3; species and certificate number of IP FSC FM/COC.

15.8 - Other evaluation techniques

No other evaluation techniques were used during this audit.

15.9 - Controversial elements

There was no controversial element identified in this second surveillance audit.

15.10 - Changes since last audit

No changes were identified since the last audit.

15.11 - Surveillance audit closing meeting

International Paper has agreed with the CARs and observations raised by the audit team. The audited company representative has signed the non-conformity form (SF02) presented (attached).

16 - Audit team observations

16.1 - Actions taken in order to answer to the Corrective Action Requests from the previous audit

<table>
<thead>
<tr>
<th>CAR#</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/Open</th>
<th>Date of closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR#</td>
<td>CAR description</td>
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<td>Action taken by the entity to close the CAR</td>
<td>Closed/ Open</td>
<td>Date of closure</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td>10</td>
<td>To provide effective monitoring on the validity of the Certificates of Occupational Health (ASO) of contractor's employees.</td>
<td>4.2.1</td>
<td>A Corrective Action Report-RAC No. 0043-2011 was internally opened to solve this CAR. It was developed the procedure FSC-008-0: Outsourcing Management, Status: Approved on 16/03/2012. Evidenced its &quot;Declaration of Effective&quot; for companies providing services, such as: - Guacu Assessoria Aduaneira Ltda. During inspections in the field, there were no further deviations. Evidenced the respective assessment &quot;Indicator Performance on Health, Safety and Environment&quot;, as follows: - Site Inspection: Mogi Guacu FMU: Mechanized Harvest - Module 1, Activity: Felling / Drag / Plotting, Evaluation held on 25/11/11, General Result: 3.17</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>CAR#</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
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<td>Closed/ Open</td>
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</tr>
<tr>
<td>11</td>
<td>To monitor the implementation of CIPA contractors.</td>
<td>4.2.2</td>
<td>The Company raised a Corrective Action Report-RAC No. 0044-2011 and developed the procedure FSC-008-0: Outsourcing Management, Status: Approved on 16/03/2012. Evidenced their records relating to registration of CIPAs Service Providers, as examples of evidence: - JRM FOREST: Request for registration CIPATR 2010-2012, correspondence issued on 08/10/2010, addressed to Dr. Paul Cristino da Silva - Regional Manager Job - Ribeirão Preto. Related documents as shown below: Minutes of Election and Verification CIPATR 2010-2012; Minutes Installation and Tenure CIPATR JRM 2010 - 2012 and Annual Calendar of Meetings; - Minutes of Installation and Ownership of the Internal Commission for Accident Prevention - CIPATR ESCAVAFORTE FOREST 2010-2012, held on 24/05/2010. No additional deviations were identified with respect to the validity of their CIPATRs for subcontractors.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>12</td>
<td>To implement containment structures in the contaminated waste deposit.</td>
<td>6.1.1</td>
<td>Verified in Altinópolis waste deposit the construction of containment structures to avoid any potential leakage. Responsible João Carlos Barbosa</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>CAR#</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
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<tr>
<td>------</td>
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<td>--------------</td>
<td>----------------</td>
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<tr>
<td>13</td>
<td>To identify communities presence in the surrounding areas of IP and reassess the ongoing process of consultation of the social aspects of communities affected by forest operations in order to obtain information about the level of satisfaction of these communities.</td>
<td>4.4.1 e (4.4.5)</td>
<td>The company developed the procedure SGAF-007-28: Communication with Stakeholders, Status: Approved on 15/03/2012. Demonstrated its update of the “List of Interested Parties,” contemplating the information: Name, Farm, Mailing Address, Property Address, City, Phone, Post and Region of communications sent. Evidenced records related to communications sent to the neighbors (AR), and returns the notifications of mailings. No deviations were verified from the sample taken. &quot;Consultation on Indicators of Forest Management,&quot; evidences taken, such as: 1) Mr. Jorge Anízio - Indicator 01: Conduct of Operations Forest: Great; - Indicator 02: Commitment to the Environment: Good; - Indicator 03: Social Responsibility: Good</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>CAR#</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
<td>Closed/ Open</td>
<td>Date of closure</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>14</td>
<td>To include in the transport document of certified timber the FSC certificate number and related information.</td>
<td>8.3.5</td>
<td>Evidenced during the inspection in the Balance, which all have loads of certified wood in the &quot;Internal Document for Transport of Wood the stamp of &quot;Certified Wood - Forest Stewardship Certified BV-FM/COC-002977&quot; Evidenced the following invoices:&lt;br&gt;&lt;br&gt;No deviations in trademark used was verified. Traceability documents were consistent, and evidences were collected by:&lt;br&gt;- Internal document of timber delivery N° 131481, Invoice N° 555.244: 4.38 ton;&lt;br&gt;- Internal document of timber delivery N° 131468, Invoice N° 555.070: 0.65 t;&lt;br&gt;- Internal document of timber delivery N° 131433, Invoice N° 554.648: 9.56 t;&lt;br&gt;- Internal document of timber delivery N° 131449, Invoice N° 554.927: 5.38 t;&lt;br&gt;- Internal document of timber delivery N° 131427, Invoice N° 554.833: 3.60 t.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>15</td>
<td>To implement a system of registration and monitoring of insecticides and fungicides applications in order to keep information about the list of chemicals, the incidence of pests, diseases and consumption of pesticides, as well as inform the certification body in case of use of aerial applications.</td>
<td>6.6.6</td>
<td>Verified the Excel datasheet, comprising all information from fungicides, pesticides applied and operational activity required. No aerial application was performed in the last year. Report RL 170, Report RL 169 and RL 043 – RAC opened 044/2011 – from Flavio Augusto Procedimento de Proteção Florestal (PROT) revised – included the registry control and monitoring. New products are verified in order not to use any chemicals forbidden by FSC – included in the procedure revision.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>CAR#</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
<td>Closed/ Open</td>
<td>Date of closure</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>16</td>
<td>To ensure the cleanliness and the proper security access for their workers to the oil separation box, located in Horto Mogi Guaçu, and to perform the removal of bamboo clump.</td>
<td>4.2.6</td>
<td>Verified that the area is isolated and clean. Bamboos were removed from the box.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>17</td>
<td>To develop a policy for managing conflicts, aimed at achieving long-term solutions, improving the quality of life and long-term relationship with the local community.</td>
<td>4.5.3</td>
<td>Evidenced the issue of the Corrective Action Report-RAC No. 0039-20, opened on 12.04.2011 date of closure 11/07/2011. Evidenced the new procedure issued # FSC-009-0: Politics of Conflict Management, Status: Approved on 05.07.2011, which was prepared by a multidisciplinary group involving the General Counsel &amp; Corporate Affairs and Forestry Board. Demonstrated that the Conflict Management Policy sets out five principles for conflict management, aimed to achieving long-term solutions, improving the quality of road and relationship with local communities.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
<tr>
<td>18</td>
<td>To strengthen company's monitoring activities related to compliance of NR31 for machines and equipment from operating activities, ensuring that small deviations in meeting the standard are resolved.</td>
<td>8.1.1</td>
<td>Evidenced the issue of RAC No. 0040-2011 on 12/04/2011, closed on 09/01/2012. Shown that all the actions related to the Nonconformity were properly listed. The effectiveness of actions taken was followed by performing audits on IPS - Indicator of Performance Health, Safety and Environment - Forestry Unit. Photographic documentation showed relating to the storage of used batteries in containers provided with specific protection against spillage. No further deviations were identified.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
</tbody>
</table>
### 5.1.2 - Action taken to close the CAR

<table>
<thead>
<tr>
<th>CAR#</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/Open</th>
<th>Date of closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>To assess the monitoring and evaluation of quality seedlings that are used in commercial plantations, as evidenced by the stand 30H of Horto Areia Branca.</td>
<td>5.1.2</td>
<td>There is a person responsible to assess seedlings quality to be used in commercial plantations. Any deviations is identified by the nursery staff and field supervisors. PROC ref 07 – rev05 verified.</td>
<td>Closed</td>
<td>23/Mar/2012</td>
</tr>
</tbody>
</table>

### Comments:

No complaint or dispute was received from stakeholders with the certificate holder. However, some demands on more social projects were verified during interviews with local institutions, claiming that IP favors projects that are environmentally relevant. Thus, social and cultural projects that do not have an environmental orientation are not focus of International Paper projects.

### 16.2 - Action taken in order to answer to previous recommendation

<table>
<thead>
<tr>
<th>Nº</th>
<th>Previous Recommendations</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>The São Marcelo HCVF should be assessed whether the level of biodiversity indicator is placed as an indicator or as a target to be achieved.</td>
<td>The last monitoring (fev/2012) performed by the Botanical Institute and IP showed a richness of 83 species in HCVF São Marcelo. The indicator remains the same, since it is not a target, but a mean that should be kept or increased.</td>
</tr>
<tr>
<td>N</td>
<td>Operational procedures should incorporate specific activities, such as a result of the wildlife monitoring and project Bem-te-vi.</td>
<td>No action was taken. CAR number 20 raised – please see on chapter 17.2.</td>
</tr>
<tr>
<td>O</td>
<td>In case of application of insecticides close to neighboring areas, the company should include the “comunicações florestais procedures” together with the attention signs, in order to avoid any harm to the health of animals and people.</td>
<td>Any application of pesticide or harvesting operation is carefully performed by isolating the area and installing “caution signs”, as evidenced in the operational activities.</td>
</tr>
<tr>
<td>P</td>
<td>Promotional materials used for disclosure of the FSC logo must be approved beforehand by the BV certification office, and appropriate technical specifications must be met.</td>
<td>No trademark use was evidenced in Banners, Fairs or any other promotional use since the last audit.</td>
</tr>
<tr>
<td>Q</td>
<td>The company should reassess the contents of contracts with carriers and additives, to protect more effectively the implementation of Portaria 63/2009.</td>
<td>It was shown the records related to the procedure MDR016, which demonstrates the system in place for receiving timber, including: Number of the internal delivery documents, invoices number, vehicle identification, weigh, weighing procedures and its limits.</td>
</tr>
<tr>
<td>R</td>
<td>The company should record the contact made with the interested party at the end of any complaint or requisition process.</td>
<td>Evidenced the procedure SGAF-007-28 – Communication with stakeholders and records of complaint and demands with contact details.</td>
</tr>
<tr>
<td>S</td>
<td>To include in the Company’s worksheet &quot;BSC Real Estate&quot; in the item of Geoprocessing with INCRA, information concerning the conduct of processes of land regularization and data on the number of cases and hectares involved.</td>
<td>Land regularization with INCRA is being performed accordingly.</td>
</tr>
<tr>
<td>T</td>
<td>To provide the visual check of the logging trucks to all his compositions in regards to subcontractors of timber transport.</td>
<td>No deviations were found in this regard during the second surveillance.</td>
</tr>
<tr>
<td>U</td>
<td>The logging trucks should be checked in regards to oil tanks, MSDS, and the functionality of the items for emergency response.</td>
<td>Evidenced adequate infrastructure of vehicles and equipment available. There were no deviations from the guidelines established in NR 31(regulatory standard), as examples of evidence: - Mechanic Truck, Plate: EDX 1335. - Harvester 200 DLC, ID: T 406.; - Feller Buncher 903 K, ID: T 419; - Mechanic Truck, Plate: HSE 7329; - Logging truck, Plate EJW 6912, No. 154, owned by the company GA Forest.</td>
</tr>
<tr>
<td>V</td>
<td>The company should make public its proposal to reduce the use of pesticides and the use of integrated pest management in its policy of sustainable forest development.</td>
<td>The company decided not to make it explicit, but there is a policy to reduce the use of pesticides. It was evidenced a reduction since the last 2 years.</td>
</tr>
<tr>
<td>W</td>
<td>The company should inform the certification body about the completion of the harvesting process and closing process with CTNBio regarding the research of GMOs.</td>
<td>The last monitoring on GMOs was performed on February 13, 2012 at FMU Santa Terezinha. This GMO experiment has just</td>
</tr>
</tbody>
</table>
been finished, and one year monitoring will be carried out to avoid any spread of sprouts or potential seedlings.

It was evidenced the last report from the research carried out in the area, from February 28, 2012. Conclusions are not yet completed.

There was no accident or health problems during the experiment. There was no import/export of GMO of eucalipto.

The last report monitoring from CTNBio was evidenced (from February 18, 2012) nº 001/2049/SP-2012 e nº 001/2049/SP-2012, where it was recommended to isolate the area and control resprout of trees.

- CTNBio meeting minutes – 27/06/2011.

The other two experiments with GMOs are going to be concluded within 3 years.

Fire records evidenced such as "Critical Analysis - Forest Fire", performed upon the occurrence of five or more fires in the same Garden, held in October 14, 2011 and July 29, 2011, as examples of evidence:

- FMU Paineiras and Areia Branca.

Evidenced the establishment and implementation of their actions, such as placement of illustrative plates (photographic documentation)

The company should perform an analysis of fire records in order to monitor the leading causes of fire and take appropriate action to mitigate it.

The company should provide a suitable place for temporary storage battery of tractors and trucks until the time of final disposal.

Evidenced in the FMU Mogi Guaçu, an adequate infrastructure facilities for the storage of waste, such as fluorescent lamps, lamp bulbs
16.3 - Evaluation of the general conformity level of the entity

International Paper’s system is capable to ensure the compliance of FSC principles and criteria. Some strong points can be highlighted, such as: the monitoring of fauna in the HCVFS, mapping and detailed study of caves in HCVF, implementation of a protected area called RPPN (Private Reserve registered in the National Protected Areas System); development of new studies to comply with the derogation requirements; high level of technology in use. Some comments were raised by stakeholders considering the internal policy to foster social-environmental projects, but not necessarily cultural/only social projects. This policy is not considered a non compliance of FSC P&C, since environmental together with social projects can be also performed to comply with social development.

16.4 - Eventual changes in the scope of certification

There were no changes in the scope of the certification since the last audit.

17 - Proposals regarding the certification decision

17.1 - Description of new recommendations

<table>
<thead>
<tr>
<th>Z</th>
<th>It is recommended, based on current monitoring, the review of the biodiversity indicator of HCVF Cara Black and Two Streams to obtain a more realistic parameter.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>It is recommended to the subcontractor GA Forest to organize information on shipping of contaminated waste Class 1 and replace plastic bags used in forest machines by another resistant material.</td>
</tr>
<tr>
<td>B1</td>
<td>It is recommended to include in the ant monitoring proposed the assessment of damage to reforestation, including acceptable risk levels.</td>
</tr>
<tr>
<td>C1</td>
<td>It is recommended to include an assessment of the social risk of plantations close to neighborhoods, ensuring that urban areas have sufficient setback to avoid potential risks arising from operational activities.</td>
</tr>
<tr>
<td>D1</td>
<td>It is recommended to include in the item 3.3 of Nursery Pest and Diseases information related to <em>Ralstonia solanacearum</em>.</td>
</tr>
<tr>
<td></td>
<td>Recommendation</td>
</tr>
<tr>
<td>---</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>E1</strong></td>
<td>It is recommended to highlight the importance to correct segregate and dispose waste in the nursery.</td>
</tr>
<tr>
<td><strong>F1</strong></td>
<td>It is recommended to keep the nursery area clean of weeds in order to avoid risks to employees and the spread of diseases or pests.</td>
</tr>
<tr>
<td><strong>G1</strong></td>
<td>It is recommended to properly isolate and sign areas of high voltage.</td>
</tr>
<tr>
<td><strong>H1</strong></td>
<td>It is recommended to use the information from the pre harvest inventory of the forest stand, in substitution of the forecasted data in PIC documents (Harvesting Plan)</td>
</tr>
<tr>
<td><strong>I1</strong></td>
<td>It is recommended to identify in the clinometer’s calibration report the equipment number in order to keep the traceability of the information provided.</td>
</tr>
<tr>
<td><strong>J1</strong></td>
<td>It is recommended to provide paper tissues to dry hands in the Nursery toilets.</td>
</tr>
</tbody>
</table>

**Comments on Recommendations:**

**Z** – The indicator proposed to assess fauna biodiversity of HCVF Cara Preta and Dois Córregos establishes the minimum of 20 species/year. The numbers obtained by fauna monitoring exceed 3 times the minimum proposed.

**A1** – GA Forest records from waste disposal was available (invoices) but the company does not monitor how much waste was produced/sent last year. The bag to collect any oil leak from Forest Machines was also considered of low quality.

**B1** - The contract of ant monitoring does not consider the assessment of the level of risk acceptance from ant’s damage. IP has still some years to evaluate it, but the sooner it starts, the better to get results.

**C1** – It was verified harvesting operations close to houses in São Simão Municipality (FMU Planalto) where could cause risks to the community. Even though all measures were taken to avoid risks, it is recommended to keep a safety area away from the community. It was evidenced: microplanning with special care for the surrounding community, with recommendations for operations near the communities to avoid noise, potential accidents, among others. Letters were distributed to every household in the neighborhood where the blocks were confrontational.

**D1** – *Ralstonia solanacearum* was not mentioned in the Written Procedure of IP to control pests and diseases, even though the measures are implemented to avoid it.

**E1** - Two containers for waste collection in the Nursery were identified respectively as "Paper and Other," when in fact they had solutions of fertilizers. Plastic containers used to collect waste were not properly identified due to the because the original color was fading away due to climate action. This situation may lead to errors at the disposal of waste.

**F1** – It was verified in the nursery FMU seedlings trays in-between a very weedy area, which could result in risk to the worker or provide an environment for plant pests an diseases.
**G1** – Area with high voltage system isolated only with a cone and tape in the Company’s Nursery, and caution signs.

**H1** – The Harvesting Plan evidenced for 2012 considered the forecasted data and not the real inventory data performed before the operation is carried out.

**I1** - The clinometer’s calibration report did not mention the equipment evaluated.

**J1** - There was no paper tissue to dry hands in the toilets of FMU Nossa Senhora Aparecida

### 17.2 - New Minor Corrective Action Requests

<table>
<thead>
<tr>
<th>N°</th>
<th>Minor corrective action requested</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>To include in the written operational procedures information regarding special measures to be considered when working within or close to protected areas and reserves, HCVFs, fauna and flora habitats.</td>
<td>Until the next audit</td>
<td>6.5.1</td>
</tr>
<tr>
<td>21</td>
<td>To provide Material Safety Data Sheet (MSDS) to chemical products, considering that the language must be understood by all workers.</td>
<td>Until the next audit</td>
<td>6.6.6</td>
</tr>
<tr>
<td>22</td>
<td>To ensure that any oil leakage is controlled in the management units and nursery to avoid negative impacts.</td>
<td>Until the next audit</td>
<td>6.1.1.</td>
</tr>
<tr>
<td>23</td>
<td>To make sure that the Communication of Accident at Work (CAT) are raised in proper time as stated in de Service Order N° 2.261 (05/05/1999), Governmental Decree GM N° 5.073 (March 1999).</td>
<td>Until the next audit</td>
<td>4.2.1</td>
</tr>
<tr>
<td>24</td>
<td>To ensure that ASO (Occupational Health Certificate) is properly filled out.</td>
<td>Until the next audit</td>
<td>4.2.1</td>
</tr>
<tr>
<td>25</td>
<td>To ensure that the monitoring of maximum weigh transported by logging trucks is being performed.</td>
<td>Until the next audit</td>
<td>1.1.7</td>
</tr>
<tr>
<td>26</td>
<td>To develop a suitable monitoring for subcontractor’s activities on health and safety.</td>
<td>Until the next audit</td>
<td>4.2.8</td>
</tr>
</tbody>
</table>

**Comments on the minor CAR:**

**CAR 20**: There are no written procedures in relation to special needs of the native areas during harvesting operations, neither Fauna or Flora, in order to avoid any damage in these environments. It is a minor CAR because no injuries in the native forests were found. But it is necessary to make it explicit.
CAR 21: Some chemicals in the warehouse did not have a MSDS (Material Safety Data Sheet) available and for one product the language used was not understood by workers. It is a Minor CAR due to the fact that the warehouse was isolated and only responsible staff are in charge to use the products. It is also a matter of document availability since a place for washing and first aid actions can be provided, if necessary.

CAR 22 – In the nursery area, it was verified that a tray showed leakage of oil used on the transport of seedlings and no control measure was taken. It is a minor CAR because it was a punctual event, with small proportions.

CAR 23 – Communication of Accident at Work raised a few days after the event, not in compliance with national regulations and IP procedures. It is a minor CAR because the worker received prompt the necessary medical assistance, however, the document was filled only after a few days.

CAR 24 – ASO (Occupational Health Certificate) with lack of information, such as:
- Mr. Marcos Antônio Pereira – document not available for 2011;
- Mr. Mauri de Lima – does not mention additional exams done by the employee
- Mr. Donizete Brito da Silva - – does not mention additional exams done by the employee
This is a documentary issue and do not jeopardize and compliance of FSC P&C, thus, it is considered a Minor CAR.

CAR 25 – There were no evidences of the reports of non conformities that should have been opened due to weigh on logging trucks, as established on IP procedure FSC-003-0. The company did not follow what it has committed to. However, it is a minor CAR because it was not understood as a major deviation of the system, because there is a monitoring in place.

CAR 26 – Subcontractor’s (ATTAERA) lack of equipments of health and safety, such as: broken hospital gurney, no one in the field team had participated in first aid training, worker carrying weigh without proper instructions, no personal glasses available in the field. IP did not verify these deviations in the subcontractor-s activities. It is Minor CAR because there were punctual events observed in one single contractor. Other subcontractor’s and in IP complied with all equipment necessary. Also, other equipments were properly stored and maintained.

17.3 - New Major Corrective Action Requests
No major CAR was issued in the second surveillance audit.

17.4 - Conclusion of the audit team
The second surveillance audit was carried out as planned and it is concluded that, even though some non conformities were raised, the organization does not present any major deviation regarding FSC principles and criteria. It follows therefore that International Paper may continue the FSC-certified forest management of all regions and FMUs presented in its scope.
18 - Certification decision

After analysis of the conclusions of the audit team and actions taken by the company to close the Corrective Action Requests, the Wood and Forestry department of Bureau Veritas Certification decides to maintain the FSC certificate of the company.

Nevertheless the company shall implement the necessary actions in order to answer the pending minor CARs and to maintain the conformity to the FSC applicable standards up to the next surveillance audit.
Issued the 30th April 2012, reviewed the 30th May 2012, finalized the 19th June 2012.

FM certification technical manager, FM certification manager

Lead Auditor,

Vincent Pelé

Maria Augusta Godoy
D. Complementary Audit

19 - Description of the applicant forest entity (if needed)

19.1 - General description and identification

Forest Management company / manager(s) name: Robson Laprovitera
Address: Rodovia SP 340, km. 171
Postal code: 13840-970
Town: Mogi-Guaçu - SP
Country: BRAZIL
Legal status: active
Legal Identification code: 52,736,949/0001-58
Telephone: + 55 19 3861 8278
Fax: + 55 19 3861 8210
E-mail: Robson.Laprovitera@ipaperbr.com
Web site: www.internationalpaper.com
Employees number: 1649 (Forest management unit)
Annual turnover: R$ 1,992,070,833/ US$3,984,141,666

President of the Forest Management company: Mr. Jean-Michel Ribieras
Manager of the Forest Management company: Mr. Luis Fernando Silva
Contact person (responsible for FSC certification): Mr. Miguel Magela
FSC trademark responsible: Mr. Miguel Magela

Activity
Type: forest management and logging.

Detailed activity:
Production and supply of logs of wood coming from forests of *Eucalyptus* spp. for the supply of factories of the pulp and paper group, including the activities of seed production and hybrid clones of eucalyptus, planting, maintenance, harvesting and transporting of timber, as well as conservation measures of fauna and flora. Social projects and environmental impact management of these operations are part of the scope of International Paper Management Plan.

Forest logging authorised company name: Same as above

Forest owner name: Same as above
International Paper do Brasil owns 101,343 ha of land divided in 97 FMUs and manages 12,112 ha under rental agreements, which are not included in the scope of the certification, but the activities are performed with the same principles as their own lands. Nevertheless, in 2010 the company has decided to remove from the scope of the FSC certificate 3 independent FMUs (12,557 ha) of its own, as detailed below. In this regard, the total area included in the certification scope was 88,688 ha. **This audit was performed to include the FMU Santa Terezinha, which was excluded from the beginning of the certification process due to the fact that they contain research plots with genetically modified Eucalyptus.**

The audit team verified the area and no deviations were found to include this FMU in the scope of the certification. The main stakeholders were identified and consulted, as well the documentation indicating the project was shut down.

There are physical barriers to control the dissemination of the plant and monitoring was performed according to CTNBio recommendations. By the end of the research program, all trees and remanants were harvested and incinerated.

The conclusion of the audit team is that the management of these areas does not implicate with the company’s demonstration of a long-term commitment to accomplish to the FSC P&C due to:

- The company has also committed (and formally written) not to use any of the material produced for commercial use. All material harvested for research purposes were burnt;

- No evidences of GMOs remain in the area;

- Research area was very small (4 ha), limited, included within much larger areas and well-controlled. The main objectives of these research plots are to identify and select genetically modified trees of Eucalyptus sp., in order to reduce the use of chemicals, by increasing the fiber content and lowering content of lignin in wood, in order to improve the process yield pulp production in same process.

- In each one of the research plots, the company had appropriate legal authorization and they were operating in compliance with all legal requirements: establishment of buffer zones when required, monitoring, burning of material, etc.

Thus, with the inclusion of a new FMU Santa Terezinha; with 3,382 ha, International Paper do Brasil certified area refers now to **92,070 ha within 95 FMUs.**

**20 - Base of evaluation**
20.1 - Composition of the audit team

Lead auditor: - Mrs. Maria Augusta Godoy, Forest Engineer, MSc. in Forest Ecology and Management, FSC FM qualified auditor on behalf of Bureau Veritas Certification, Environmental Impact, Biodiversity and Protected Areas Specialist, employee.

20.2 - Context of this audit

International Paper (IP) requested to include in the scope of the FSC FM certification the FMU Horto Santa Terezinha, with 3.382 ha, in the region of Mogi-Guaçu-SP. IP was certified in 2010, and two surveillance audits were already performed. Thus, this complementary audit was carried out to evaluate the compliance of FSC P&C of this new FMU, that was excluded due to the fact that genetic modified organisms (GMOs) research plots were located in within the area. The company has concluded its studies and the GMO plot was destroyed according to national legal requirements. The area of 4 ha is restored and will be used for Eucalyptus spp plantation. No other use of GMO takes place in the area and IP does not use GMO for afforestation/reforestation.

20.3 - Forest management referential used for the audit

For this complementary audit, we referred to the checklist SF03 FSC FM V1.0 extracted from the forest management referential RF03 FSC FM BV para Florestas Plantadas Brasil_v1.0 (Plantations), from November 2009.

This last version has been updated and is available on the website, www.bureauveritas.com/certification or upon request to Bureau Veritas Certification.

All detailed information regarding the audit can be found in the check-list attached on Appendix.

21 - Information collecting modalities

21.1 - Description of the audit program

| AUDIT SCHEDULE |
|-----------------|-----------------|-----------------|
| Person | Time | Place | Activity |
|-----------------|-----------------|-----------------|
| January 14th 2013 |
### Preparation meeting of the audit team
- Opening meeting of the audit in presence of Mr, Mrs, ...
- Documents reviewing - GMOs
- Operational activity – skidding
- Visit to the forest site

### Stakeholder consultation
- Land tenure documents
- Legal requirements
- Health and Safety
- Environmental Monitoring

### Presentation meeting of the audit in presence of Mr. Miguel Magela, Mr. Robson Laprovitera
- Auditors meeting to establish the corrective action requests
- Forest Management/Procedures
- Closing of audit

In total, it was used 3 men days to perform the audit. No extra time was needed for travelling since the forest site location is close to the central office.

#### 21.2 - Documents review

- Land titles
- Plantation and Environmental maps
- GMO reports
- GMO governmental documents, publications
- Management Plan – Rev DPA-002-4
- Environmental Monitoring
- Accident statistics
- Health and Safety procedures
- PPRA (Program for the Prevention of Environmental Risks)
- PCMSO (Program on Occupational Health Control)
- Environmental licenses
- Operational activities procedures
Health and safety procedures

21.3 - Interview(s) of involved people met

- Manager(s):
  - Mr. Miguel Magela – Coordinator of Forest Management System
  - Mr. Robson Laprovitera – Manager of Environment, Health and Safety

- Employee(s):
  - Mrs Carla da Costa Garcia – Researcher - Biotecnology
  - Mr. Jair Aparecido Gabriel – Research and Development
  - Mr. Airton Luis Guilherme – Skidder operator
  - Mr. Osmar Bassi – Mechanic
  - Mr. Pedro Costa – Geoprocessing Analyst
  - Mrs. Glacia Faria – Social Responsibility and Sustainability
  - Mr. Anderson Guedes F. Sene – Health and safety technician

21.4 - On-site visit(s)

FMU Santa Terezinha was visited in order to verify the compliance of FSC P&C and include this FMU in the scope of FSC FM certification.

21.5 - Stakeholders identification and consultation

Stakeholders were first identified during a pre-audit consultation (April/2009), then during the pre and initial audit (March/2010) and formally consulted during the first surveillance (April/2011) and second surveillance audit (March/2012). Also, the public consultation performed was published and is available in the FSC Brasil website for any comments from stakeholders.

During this audit we interviewed the followings:
  - Mr. Joao Del Giudice Neto – Director of Biological Reserve of Mogi-Guaçu – Botanic Institute, Fazenda Campininha.
  - Mr. Marcio Antonio Ferreira – Biologist – Environmental Secretary of Mogi-Guaçu.
  - Mr. Ivan Suarez da Motta – Forest Institute of Mogi-Guaçu.

21.6 - Identification, traceability and monitoring of products

Traceability of the wood harvested in the FMU Santa Terezinha will be carried out in the same way of the other FMUs once the scope extension is completed. The current traceability in place for certified areas shows the forest stand, BV certification number, origin, species and destination.
22 - Audit team observations

Horto Santa Terezinha – total area of 3.383 ha, available for plantation is 2.641 ha.

It was evidenced the IP Report Conclusion of the Experiment on GMO and disclosure of the area, from July 24th 2012.
Experiments Licence nº 01200.000705/2004-75, experiment number 0173/02.
Especie: Eucalyptus urophylla – hybrid.
Horto Santa Terezinha, Rodovia SP332, km 13 – Mogi-Guacu-SP.
Licence nº LPMA Nº 01200.000705/2004 – 75
Research area: 1,78 hectares
Initial date of the experiment: June 27 2005, conclusion on April 15 2011.
Licence nº LPMA Nº 01200.004592/2004-87
Research area: 2.22 ha
IP Report Conclusion of the Experiment on GMO and disclosure of the area, from July 24th 2012.

Measures implemented:
- Roads with 6 meters long – stripe of grass with 10 m wide.
- After 7 years, the area was monitored for 1 year in order to avoid any type of regeneration of these trees
- Herbicides were used to control de regeneration.
- Evidenced the last research report of IP, from 28/02/12;
- No accident or health problems were evidenced during the research activities.
The wood harvested was segregated from other IP materials and incinerated, as registered in the book of registry. A herbicide application was needed to avoid any future resprouting (glyphosate) on June 4, 2011 and again on August 2 and 23, 2011. 100% efficiency was obtained.

On february 13, the Ministry of Agriculture performed an inspection at the site, as evidenced in the inspection term nº002/3049/SP-2012.
Samplings of the genetic material were analysed and no phenotypical differences were shown between GMO and no GMO individuals. Soil and litter were also analysed.

No negative effect was observed in the experiment and environment, according to the report. The project was closed and no further actions will be taken in the area. In total, the ministry of agriculture/department of Biotecnology performed 10 inspections in the area.

The results of the experiment are being carried out by another company: Arbogen Inc. A scientific paper was published with the results, that were
satisfactory so far. IP does not intend to make any commercial plantation of GMO trees.

Stakeholder consultation did not show any deviation of IP and no concern was raised of the closure of the area.

CTNbio, the responsible for the approval of the project, was not available for consultation at the time. Nevertheless, a note was left in the FSC Brasil website for public consultation and the most relevant stakeholders were consulted.

Operational activity of skidding in the FMU was verified and no deviations were found. Health and safety regulations, legal requirements, monitoring and land titles were also verified. IP HCVFs are located in other FMU. In Santa Terezinha FMU, no attribute of high conservation values were found.

For further details, please check the auditor’s check-list in the appendix.

23 - Presentation of the answer to the Corrective Action Requested.

Not applicable.

24 - Scope retained for the certification

92,070 ha divided in 95 FMUs of Eucalyptus spp. plantations located in regional areas 1, 2 and 3, in São Paulo and Minas Gerais - Brazil.

24.1 - Geographical limitation at the level of the entity

Inclusion of a new FMU, as follows:

FMU Santa Terezinha:

Total Area: 3,382.98 ha
Plantation: 2,640.96 ha
APP (Permanente Preservation Area): 116.86 ha
Legal Reserve: 542.81 ha
Others (infra-structure, roads): 82.35 ha

In the appendix, you can find the list of FSC FM/CoC Certified Area of International Paper do Brasil Ltda: 95 FMUs.
24.2 - Limitation at the level of the forest products
Certified logs – from nursery, forest stands to industry log yard.

25 - Proposals regarding the certification decision

25.1 - Explication on all rating, weighting systems or other systems used decisions taking
The audit team did not use any rating or weighting system to conduct the initial audit.
Actually, the whole referential’s requirements are considered equivalent and each criterion must be satisfied by the applicant entity. The non-conformity against each indicator is evaluated.
The indices defined in the checklist, must be considered as guidance to the auditors.

25.2 - Clear description of all new recommendations and conditions associated to the certification decision
Recommendation K1 – To take into account the Management Plan of the Biological Reserve (under development) next to FMU Santa Terezinha, considering the buffer zone requirement under evaluation.

Comment: The Biological Reserve, which is an adjacent area of FMU Santa Terezinha, established an area of 500 m without the pesticides application or any other agro chemicals. The Management Plan of the Biological Reserve is under assessment of the Environmental State Council of Sao Paulo and will be implemented in 2013.

25.3 - New Minor Corrective Action Requests
No Minor CAR raised.

25.4 - New Major Corrective Action Requests
No Major CAR raised.

25.5 - Proposal of conclusion on whether the candidate entity achieved or not the required level of conformance
The scope extension audit was carried out as planned and it is concluded that the organization does not present any deviation regarding FSC principles and criteria. It follows therefore that International Paper may include FMU Santa Terezinha in the scope of the certificate and continuous with the FSC-certified forest management of all the FMUs.
Issued the January 22nd 2013, reviewed February 21, 2013

FSC FM Certification Manager, Lead Auditor,

Brian Callaghan Maria Augusta Godoy

E. Surveillance audit n° 03

26 - Base of evaluation

26.1 - Date of the surveillance evaluation

11-15/03/2013

26.2 - Composition of the audit team

Lead auditor: - Pedro José da Silveira Júnior; Forest Engineer; MSc. in Sanitation, Environment and Water Resources; FSC FM qualified auditor on behalf of Bureau Veritas Certification.

Auditors: - Carlos Alberto Busnardo; Chemical Engineer; MSc. in Forest Sciences (Production of pulp and paper); FSC FM qualified auditor on behalf of Bureau Veritas Certification.
26.3 - Forest management referential used for the surveillance audit

No changes on the referential used since previous audit.

27 - Information collecting modalities

27.1 - Description of the audit program

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Process – Pedro Silveira</th>
<th>Time</th>
<th>Process – Carlos Busnardo</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/03/13</td>
<td>11:00</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
<td>11:00</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
</tr>
<tr>
<td></td>
<td>13:30 – 17:00</td>
<td>- Principle 1 – Previous CARs</td>
<td>13:30 – 16:00</td>
<td>Trip to Ribeirão Preto, SP.</td>
</tr>
<tr>
<td>12/03/13</td>
<td>08:30 - 12:00</td>
<td>- Forest Activity: harvester; Emergency Plan (Principles 6 e 10)</td>
<td>08:30 - 12:00</td>
<td>- Forest Activity: (contractors) – planting, fertilization, ant extermination. (Principle 10)</td>
</tr>
<tr>
<td></td>
<td>13:30 – 17:00</td>
<td>- Principle 5 – Derogates and conditions of license</td>
<td>13:30 – 17:00</td>
<td>- Principle 4</td>
</tr>
<tr>
<td>13/03/13</td>
<td>08:30 – 10:00</td>
<td>– Social Project</td>
<td>08:30 – 10:00</td>
<td>- Stakeholders interview</td>
</tr>
<tr>
<td></td>
<td>10:30 – 12:00</td>
<td>– Principle 2 – Principle 3 – Principle 8</td>
<td>10:30 – 12:00</td>
<td>- Forest Activity: harvester, transport and roads (Principles 6 e 10)</td>
</tr>
<tr>
<td></td>
<td>13:30 – 17:00</td>
<td>- Recovery of degraded areas, APP, RL. (Principle 6 e 10)</td>
<td>13:30 – 17:00</td>
<td>- Forest Activity: herbicide application, chemical products, wastes, (Principle 6 e 10)</td>
</tr>
<tr>
<td>14/03/13</td>
<td>08:30 - 12:00</td>
<td>- Principle 7</td>
<td>08:30 - 12:00</td>
<td>Trip to Mogi Guaçu, SP.</td>
</tr>
<tr>
<td>15/03/13</td>
<td>8:30 – 12:00</td>
<td>Closing Meeting – Mogi Guaçu, SP.</td>
<td>7:30 – 12:00</td>
<td>Closing Meeting – Mogi Guaçu, SP.</td>
</tr>
<tr>
<td></td>
<td>13:30</td>
<td>Closing Meeting – Mogi Guaçu, SP.</td>
<td>13:30</td>
<td>Closing Meeting – Mogi Guaçu, SP.</td>
</tr>
</tbody>
</table>

27.2 - Total man days for the audit
A total of 07 man days was spent on the surveillance evaluation including time spent on auditing documents and records, interviewing stakeholders, and carrying out field work.

27.3 - On-site visit(s)

In the third audit of maintenance, three (3) areas visited: Mogi Guaçu Region (Region 1), São Simão Region (Region 2) and Altinópolis Region (Region 3). These three regions represent 100% of total certified areas. Date, location and comments of site visits are presented in the form SF03.

27.4 - Documents review

- Procedure CFL-002-16: Harvester and forestry transportation
- Checklist of preventive maintenance for machines
- Sheet of quality control
- Procedure NAT-001-3: native forestry
- Procedure REF-007-7: Implementation and Reform
- MSDS - Information Sheet for Chemical Safety (ant killer and herbicide)
- Work Permit - PT on Task: Conduct of Public Transport Vehicle
- Preliminary Risk Analysis - APR No. 01 on Task: Conduct of Public Transport Vehicle.
- Procedure SGAF-014-41: Waste Management, Emissions and Effluents
- Procedure SGAF 013-27: Service Plan for Emergencies
- Procedure SUP-001-11: Supplies
- Information material on AIDS prevention
- Records relating to the Project "Engagement", started in the year 2012
- Document RTQ 5: Inspection of Road Vehicles
- Procedure CFL-002-16: Forest Harvesting and Transportation
- Contract IP-LA-DCT-CT-022/2013; the Agreement 105, FSC Certified Wood
- Records of employee training, activity Mechanized Harvest, Garden Morrinhos
- REF-007-07: Implementation and Reform
- REF-008-08: Conducting Sprouting
- PROT-002-08: Integrated Pest and Diseases in Nursery
- PROT-009-04: Integrated Pest and Disease Field
- Technical Report "Monitoring Mast fauna in Forests of High Conservation Value Forest (HCVF) in Regions of St. Simon and Altinópolis
- Technical Report "Characterization of Forest Fragments of the Study Area Aiming at Forest Restoration and Conservation of Biological Diversity, issued in February 2013 by ICMBIO

27.5 - Stakeholders identification and consultation

Stakeholders were first identified during the initial audit. Prior to this surveillance audit were contacted the Rural Workers Union of Ribeirão Preto, Altinópolis and Mogi Guaçu. In this latter the person responsible said it would not have available time to receive us at the date of the audit.

* We don’t receive comments prior to the surveillance audit. There was no identified during the interviews pending, complaint or request by the Unions regarding the company.

During this audit we interviewed the followings:
- Mr. Celso Gabriel Pacola Colluci - Rural Workers Union of Ribeirão Preto - Treasurer
- Mr. Edmar Palviquer - Rural Workers Union of Ribeirão Preto - Secretary
- Mr. Jair Pinto de Lima – Rural Workers Union of Altinópolis – Director

27.6 - Interview(s) of involved people met

- Manager(s):
  - Mr Miguel Magela – coordinator of management systems
  - Mr Robson Laprovitera – manager of safe, health and environment

- Employee(s):
  - Mario Zotto – harvester supervisor
  - Antônio Jorge – harvester leader
  - Marcos Pereira – mechanic
  - Antônio Cézar – feller operator
  - Elaine Nascimento – system analyst
  - Anderson Sene – safe technical
  - Karla Weber – planning supervisor
  - José Teixeira – forestry research
  - João Machado – environmental technical
  - Hudson Galiani - Practical Field Officer
  - Alexandro Almeida Procópio - Practical Field Officer
  - Laertius Maximiliano Gomes - Forestry Worker
  - Samuel Ramos Teles - Bus Driver
  - Aparecida de Oliveira Costa - Working Forest
  - Gilson Mendes Bastos - Forestry Worker
  - Luis Antonio Matos - Forestry Worker
27.7 - Other evaluation techniques

No additional techniques were employed for this evaluation.

27.8 - FSC trademark use control

The FSC trademark is used on invoices delivery between planting forest to paper mill / logyard. No deviations were identified in invoices verified.

27.9 - Controversial elements

No element observed during the audit was considered controversial.
27.10 - Changes since last audit

It was held between 14 and 16 January 2013 an extension of scope audit covering
the following area in São Paulo state.

FMU Santa Terezinha:
Total Area : 3,382.98 ha
Plantation: 2,640.96 ha
APP (Permanente Preservation Area): 116.86 ha
Legal Reserve: 542.81 ha
Others (infra-structure, roads): 82.35 ha

The conclusion of this audit was to recommend the inclusion of this FMU in the
scope of certification of the company.

27.11 - Surveillance audit closing meeting

The forest entity's staff agreed with the CARs and the observations raised by the
audit team. The representative of the audited company signed the form of non-
compliance (SF02) presented (attached).

28 - Audit team observations

28.1 - Actions taken in order to answer to the Corrective Action Requests
from the previous audit

The observations demonstrated compliance with the referential used and have also
shown that the certificate holder has corrected all previously identified non-
compliances.
<table>
<thead>
<tr>
<th>CAR #</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/Open</th>
<th>Date of closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Include the information of written operating procedure about special measures to be considered when work nearby or in protected areas and reserves, HCVFs, fauna and flora.</td>
<td>6.5.1</td>
<td>The company inserted in the micro planning of harvesting and silviculture, and in the reforestation operating procedures (REF001-34) and Forest Harvesting (CFL 002-16), preventive measures to be taken when carrying out any activity nearby natural areas, to promote the conservation of biodiversity.</td>
<td>Closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>21</td>
<td>Provide Material Safety Data Sheet (MSDS) for chemicals, considering that the language must be understood by all workers.</td>
<td>6.6.6</td>
<td>All safety data sheets (MSDS) of the chemicals that were in English / Spanish were translated and replaced. The professionals involved in handling these chemicals received training on the new system for managing safety data sheets.</td>
<td>Closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>22</td>
<td>Ensure that any oil leak is controlled in management units and nurseries to avoid negative impacts.</td>
<td>6.1.1</td>
<td>The company replaced the piston hydraulic equipment that caused the spill of lubricating oil at the nursery, as well as contaminated material collected and destined it in an environmentally correct.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>23</td>
<td>Ensure that the Communication of Accident at Work are created at the appropriate time as indicated on the Service Order No. 2.261 (05.05.1999), the GM Government Decree No. 5.073 (March 1999).</td>
<td>4.2.1</td>
<td>The company revised and included in item 5.2 of the internal procedure PROC 018-8, dated 19/06/2012, stating the obligation to comply with the register of systematic communication of Injury within 24 hours of the event. Moreover healthcare professionals of the Forestry Unit received specific training with this new system.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>24</td>
<td>Ensure that the Occupational Health Certificate is duly completed.</td>
<td>4.2.1</td>
<td>The company made the inclusion of all occupational hazards in a specific software called ASM, thus ensuring compliance and correct completion of certificates of occupational health.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>CAR #</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
<td>Closed/ Open</td>
<td>Date of closure</td>
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</tr>
<tr>
<td>25</td>
<td>Ensure that the monitoring of the maximum weight carried by logging trucks is performed</td>
<td>1.1.7</td>
<td>The company implemented several practical actions involving demarcations stanchions in the compositions of timber transport, meetings with the owners of carriers, inserts specific contractual terms, awareness of drivers and operators of forestry loaders, aiming to ensure that timber carriers meet the limit tolerance (maximum weight) established by law. Besides all the mentioned actions, International Paper has provided the purchase of 05 mobile scales, weighing system with XW Intermecado, which will be installed in forestry cranes of loading, so that all compositions timber transport, to flow within the expected weight in law.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>26</td>
<td>Develop an appropriate monitoring activities of health and safety to the subcontractor</td>
<td>4.2.8</td>
<td>International Paper has intensified monitoring of service providers forest by inserting new indicators of health, safety and environment in the Check List &quot;Index of Performance Security&quot;, besides conducting regular audits at the work.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>A</td>
<td>Based on current monitoring, is recommended to analyze the accuracy of the indicator of biodiversity of HCVF “Cara Preta” and “Dois Córregos” to obtain a more realistic parameter.</td>
<td>OBS</td>
<td>Based on the monitoring results, the faunal diversity of Forests of High Conservation Value Cara Black and Two Streams were altered, as described in the procedure FSC 001-3, dated February 20, 2013.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>CAR #</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
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<td>Closed/Open</td>
<td>Date of closure</td>
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</tr>
<tr>
<td>A1</td>
<td>It is recommended that the forestry company subcontracted GA organize information about the transportation of contaminated waste class 1 and replace plastic bags used on forestry machines by other substantial material.</td>
<td>OBS</td>
<td>International Paper met with representatives of GA Forest strategies for environmentally correct disposal of Class I wastes generated in the operations of loading and transporting forest. Moreover, GA Forest replaced all plastic containers (bags) for another of more resistant material (nylon).</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>B1</td>
<td>It is recommendable to include in monitoring of ants the evaluation of damage for the reforestation, including acceptable levels of risk.</td>
<td>OBS</td>
<td>The Forest Protection Department, searched in the literature damage levels and acceptable levels of classification of economic damage caused by ants to eucalyptus forests. They obtained acceptable levels of damage and the classification of economic threshold, and this information was added to the process Technical Recommendation (PROT-010-0), Monitoring Cutter Ants, dated 08/03/2013. The company will implement field experiments to quantify damage caused by ants.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>C1</td>
<td>It is recommended to include an assessment of the social risk of plantations near neighborhoods, ensuring that urban areas have enough recoil to avoid potential risks arising from operating activities.</td>
<td>OBS</td>
<td>The company maintains recoil (safe range) of forest plantations located near any building, whether rural or urban, in order to ensure the physical safety of the residents of these places. Also when there is any operational activity near urban communities, International Paper conducts awareness campaign of the local population to avoid any kind of inconvenience to the people residing in these areas.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>CAR #</td>
<td>CAR description</td>
<td>P&amp;C indicator number</td>
<td>Action taken by the entity to close the CAR</td>
<td>Closed/ Open</td>
<td>Date of closure</td>
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</tr>
<tr>
<td>D1</td>
<td>It is recommended to include the &quot;Item 3.3 of Pest Disease Nursery&quot; information related to <em>Ralstonia solanacearum</em>.</td>
<td>OBS</td>
<td>The procedure PROT-002-7, Integrated Pest and Disease was updated on 3/12/12, including information relating to the control and management of <em>Ralstonia solanacearum</em> in the Nursery.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>E1</td>
<td>It is recommended to highlight the importance to correct, segregate and dispose of residue in the nursery.</td>
<td>OBS</td>
<td>The company made coverage of their actions, as well as the identification of containers arranged for through appropriate labels. The segregation and disposal of waste generated in the Forestry Unit are described in the procedure SGAF0014-42 (WASTE MANAGEMENT, AND EFFLUENT AIR EMISSIONS).</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>F1</td>
<td>It is recommended to keep the nursery area free of weeds, in order to avoid risks to workers and spread of diseases or pests.</td>
<td>OBS</td>
<td>We carried out the chemical control of invasive weeds by applying the post emergent herbicide glyphosate in order to eliminate the risks of accidents and the spread of diseases and pests in the Nursery.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>G1</td>
<td>It is recommended to isolate properly and to demarcate areas of high voltage.</td>
<td>OBS</td>
<td>The place was properly flagged by installing signs warning &quot;Danger of Death / High Voltage&quot;, besides the construction of a physical barrier (protective metal grill) around the pattern with electrical panel, allowing greater control site access and minimizing the risk of possible accidents.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
<tr>
<td>H1</td>
<td>It is recommend using the inventory information pre-harvest forest stand in place of the data provided in the documents of the CIP Plan (Harvest).</td>
<td>OBS</td>
<td>The information of pre-harvest inventory were inserted into the Harvest Plan (CIP), as can be seen in the Internal Report, RL018M - Forest Harvesting Plan For Quarter.</td>
<td>closed</td>
<td>15/03/13</td>
</tr>
</tbody>
</table>
CAR # | CAR description | P&C indicator number | Action taken by the entity to close the CAR | Closed/Open | Date of closure
---|---|---|---|---|---
I1 | It is recommended to identify in the report of the clinometer of calibration the equipment number, in order to keep track of the information provided. | OBS | Was inserted into the calibration report of Clinometers their respective numbers traceability, according to records that are in the area of Forest Planning at International Paper. | closed | 15/03/13
J1 | It is recommended to provide paper towels to dry hands in the bathrooms nursery. | OBS | International Paper has provided in all bathrooms mobile and living areas, including the Garden Our Lady Aparecida, disposable paper towels for drying hands and arranged for the installation of holders paper towels. | closed | 15/03/13

Comments:
We don't observed any complaints or disputes raised by stakeholders with the certificate holder, or with the certification body, since the previous evaluation.

28.2 - Action taken in order to answer to previous recommendation

All recommendations described in the previous audit were related to observations and non-conformities reported at that event. The company submitted corrective actions for all these items including on the same the recommendations listed above.

28.3 - Evaluation of the general conformity level of the entity

The overall level of conformity of the entity keeps positive; the requested CARs do not compromise the social and environmental performance of the company which was considered very well.

The willingness and speed in attempt to resolve the deviations found is one aspect of the entity evolution since last audit.

28.4 - Eventual changes in the scope of certification

There is a change in the scope of the certificate related to areas:

It was held between 14 and 16 January 2013 an extension of scope audit covering the following area in São Paulo state.

*FMU Santa Terezinha:*
- Total Area: 3,382.98 ha
- Plantation: 2,640.96 ha
- APP (Permanente Preservation Area): 116.86 ha
- Legal Reserve: 542.81 ha
29 - Proposals regarding the certification decision

29.1 - Description of new recommendations

Recommendation A: In plots that border with natural areas, the overthrow activity must be initiated by the farthest field point, with the intent to scare away the animals that may be there refugees toward natural areas;

Recommendation B: Delivering respective block Program “Bem Te Vi” at the work, to record the sighting of wildlife by the forest workers, and subsequent referral to the responsible sectors

All other recommendations identified by the audit team are related and were inserted in the text of the CARs presented below.

29.2 - New Minor Corrective Action Requests

Were registered 04 Nonconformities smaller and 05 Observations related to compliance with the FSC requirements.

<table>
<thead>
<tr>
<th>No.</th>
<th>Minor corrective action requested</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>The company must evaluate the applicability of the treaties CITIES and ITTA to their activities</td>
<td>closed</td>
<td>1.3.1</td>
</tr>
<tr>
<td>05</td>
<td>Include in the management plan:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Program for the identification and protection of rare and endangered species</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Maps of the planting and protected areas (link)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Environmental protection measures (beyond fire)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Monitoring of fauna and flora (besides conducted in HCVFs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Rationale for rate of annual harvest for the sustainability</td>
<td>Next audit</td>
<td>7</td>
</tr>
<tr>
<td>N°</td>
<td>Minor corrective action requested</td>
<td>Proposed date of implementation</td>
<td>Requirement number</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>08</td>
<td>Implement a regular monitoring inspection program regarding the inspection of the equipments (tractor) being used, as well as provide the immediate substitution of the defective pieces.</td>
<td>Next audit</td>
<td>4.2.5</td>
</tr>
<tr>
<td>09</td>
<td>Implement a monitoring program on the proper disposal and temporary storage of waste, according to the guidelines set forth in the document SGAF-014-41: Waste Management, Emissions and Effluents</td>
<td>Next audit</td>
<td>6.7.2</td>
</tr>
<tr>
<td>02</td>
<td>The company must perform the critical analyses meeting of forest fire related the year of 2012.</td>
<td>Closed</td>
<td>10.7.4</td>
</tr>
<tr>
<td>03</td>
<td>The company must record the critical analyses meeting of Formare project results.</td>
<td>Next audit</td>
<td>4.1.4</td>
</tr>
<tr>
<td>04</td>
<td>The company must include the item &quot;environmental damage&quot; in the quality control record of the micro planning forestry.</td>
<td>Next audit</td>
<td>8.2.2</td>
</tr>
<tr>
<td>06</td>
<td>Implement a regular monitoring inspection program regarding the inspection of the meal temperature</td>
<td>Next audit</td>
<td>4.2.6</td>
</tr>
<tr>
<td>07</td>
<td>Make the necessary guardrail repairs of the bridge access to the Garden Morrinhos, # 363, Region III.</td>
<td>Next audit</td>
<td>6.5.1</td>
</tr>
</tbody>
</table>

**Comments on the minor CAR:**
Description detailed of the elements evaluated, nonconformities found and CARs, are presented in the form SF02, annex to this report.

**29.3 - New Major Corrective Action Requests**
No major Car was opened in this audit.

**29.4 - Conclusion of the audit team**
The company achieved and maintains the required level of conformance with the FSC standard. In the opinion of the audit team, the entity may keep the FSC certification on its Forest Management.

**30 - Certification decision**
Based on the results of this surveillance audit the BV FSC FM manager has decided that the FSC FM certificate of the INTERNATIONAL PAPER do BRASIL LTDA. remains valid.
FSC Forest Management Certification
Certification Public Summary
INTERNATIONAL PAPER DO BRASIL LTDA

Issued the 01/04/2013, reviewed 29/06/13

FM certification technical manager, Lead Auditor,

Brian Callaghan Pedro Silveira Jr.
Pedro José da Silveira Junior

F. Surveillance audit n° 04

31 - Base of evaluation

31.1 - Date of the surveillance evaluation
31 th march to 04 th april, 2014

31.2 - Composition of the audit team

Lead auditor: - Juliana Bueno Colpas, Chemical and Biologist; FSC FM qualified auditor on behalf of Bureau Veritas Certification.

Auditors: - Carlos Alberto Busnardo; Chemical Engineer; MSc. in Forest Sciences (Production of pulp and paper); FSC FM qualified auditor on behalf of Bureau Veritas Certification.

- Pedro José da Silveira Júnior; Forest Engineer; MSc. in Sanitation, Environment and Water Resources; FSC FM qualified auditor on behalf of Bureau Veritas Certification.

- Maria Augusta de Godoy; Forest Engineer; FSC FM qualified auditor on behalf of Bureau Veritas Certification.
31.3 - Forest management referential used for the surveillance audit

No changes on the referential used since previous audit. The audit used as reference standard BV Brazil plantations (RF03FSC_FM_Brazil), and the forest evaluation standard (FSC-STD-20-007).

32 - Information collecting modalities

32.1 - Description of the audit program

In this audit 20 men/day for running audit 01 man/day for the elaboration of planning and over 01 man/day for the elaboration of the report were used.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>31/03/14</td>
<td>11:00am</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
<td>11:00</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
<td>11:00</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
<td>11:00</td>
<td>Opening Meeting – Mogi Guaçu, SP.</td>
</tr>
<tr>
<td></td>
<td>01:30 – 05:00pm</td>
<td>- Principle 1 – Previous CARs</td>
<td>01:30 – 05:00pm</td>
<td>Trip to Altinópolis, SP.</td>
<td>01:30 – 05:00pm</td>
<td>Trip to Altinópolis, SP.</td>
<td>01:30 – 05:00pm</td>
<td>Trip to São Simão, SP.</td>
</tr>
<tr>
<td>01/04/14</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: harvester; Emergency Plan (Principles 6 e 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: (contractors) – planting, fertilization, ant extermination. (Principle 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: (contractors) – planting, fertilization, ant extermination. (Principle 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: (contractors) – planting, fertilization, ant extermination. (Principle 10)</td>
</tr>
<tr>
<td></td>
<td>01:30 – 05:00pm</td>
<td>- Principle 5 – Derogation and conditions of license</td>
<td>01:30 – 05:00pm</td>
<td>- Principle 4</td>
<td>- Principle 4</td>
<td>- Principle 4</td>
<td>- Principle 4</td>
<td></td>
</tr>
<tr>
<td>02/04/14</td>
<td>08:30 – 12:00am</td>
<td>- Social Project</td>
<td>08:30 – 12:00am</td>
<td>- Stakeholders interview</td>
<td>08:30 – 12:00am</td>
<td>- Stakeholders interview</td>
<td>08:30 – 12:00am</td>
<td>- Stakeholders interview</td>
</tr>
<tr>
<td></td>
<td>01:30 – 05:00pm</td>
<td>- Principle 2 – Principle 3 – Principle 8</td>
<td>01:30 – 05:00pm</td>
<td>Forest Activity: harvester, transport and roads (Principles 6 e 10)</td>
<td>01:30 – 05:00pm</td>
<td>Forest Activity: harvester, transport and roads (Principles 6 e 10)</td>
<td>01:30 – 05:00pm</td>
<td>Forest Activity: harvester, transport and roads (Principles 6 e 10)</td>
</tr>
<tr>
<td>03/04/14</td>
<td>08:30 – 12:00am</td>
<td>- Recovery of degraded areas, APP, RL. (Principle 6 e 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: herbicide application, chemical products, wastes, (Principle 6 e 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: herbicide application, chemical products, wastes, (Principle 6 e 10)</td>
<td>08:30 – 12:00am</td>
<td>Forest Activity: herbicide application, chemical products, wastes, (Principle 6 e 10)</td>
</tr>
<tr>
<td></td>
<td>01:30 – 05:00pm</td>
<td>- Principle 7</td>
<td>01:30 – 05:00pm</td>
<td>Trip to Mogi Guaçu, SP.</td>
<td>01:30 – 05:00pm</td>
<td>Trip to Mogi Guaçu, SP.</td>
<td>01:30 – 05:00pm</td>
<td>Trip to Mogi Guaçu, SP.</td>
</tr>
<tr>
<td>04/04/14</td>
<td>8:30 – 12:00am</td>
<td>- Principle 9 Pendencies + Report</td>
<td>7:30 – 12:00am</td>
<td>- Principle 6 Pendencies + Report</td>
<td>7:30 – 12:00am</td>
<td>- Principle 6 Pendencies + Report</td>
<td>7:30 – 12:00am</td>
<td>- Principle 6 Pendencies + Report</td>
</tr>
<tr>
<td></td>
<td>01:30pm</td>
<td>Closing Meeting - Mogi Guaçu, SP.</td>
<td>01:30pm</td>
<td>Closing Meeting - Mogi Guaçu, SP.</td>
<td>01:30pm</td>
<td>Closing Meeting - Mogi Guaçu, SP.</td>
<td>01:30pm</td>
<td>Closing Meeting - Mogi Guaçu, SP.</td>
</tr>
</tbody>
</table>
32.2 - On-site visit(s)

In the 4Suv was audit (3) areas visited: Mogi Guaçu Region (Region 1), São Simão Region (Region 2) and Altinópolis Region (Region 3). These three regions represent 100% of total certified areas.

32.3 - Documents review

- Procedure CFL-002-16: Harvester and forestry transportation
- Checklist of preventive maintenance for machines
- Sheet of quality control
- Procedure NAT-001-3: native forestry
- Procedure REF-007-7: Implementation and Reform
- MSDS - Information Sheet for Chemical Safety (ant killer and herbicide)
- Work Permit - PT on Task: Conduct of Public Transport Vehicle
- Preliminary Risk Analysis - APR No. 01 on Task: Conduct of Public Transport Vehicle.
- Procedure SGAF-014-41: Waste Management, Emissions and Effluents
- Procedure SGAF 013-27: Service Plan for Emergencies
- Procedure SUP-001-11: Supplies
- Information material on AIDS prevention
- Records relating to the Project "Engagement", started in the year 2012
- Document RTQ 5: Inspection of Road Vehicles
- Procedure CFL-002-16: Forest Harvesting and Transportation
- Contract IP-LA-DCT-CT-022/2013; the Agreement 105, FSC Certified Wood
- Records of employee training, activity Mechanized Harvest, Garden Morrinhos
- REF-007-07: Implementation and Reform
- REF-008-08: Conducting Sprouting
- PROT-002-08: Integrated Pest and Diseases in Nursery
- PROT-009-04: Integrated Pest and Disease Field
- Technical Report "Monitoring Mast fauna in Forests of High Conservation Value Forest (HCVF) in Regions of St. Simon and Altinópolis
- Technical Report "Characterization of Forest Fragments of the Study Area Aiming at Forest Restoration and Conservation of Biological Diversity, issued in February 2013 by ICMBIO
32.4 - Stakeholders identification and consultation

Stakeholders were first identified during the initial audit. Prior to this surveillance audit were contacted the Rural Workers Union of Ribeirão Preto, Altinópolis and Mogi Guacu. In this latter the person responsible said it would not have available time to receive us at the date of the audit. It is noteworthy that in interviews with stakeholders - Rural Workers Union and neighboring farms, the relationship with the company - International Paper is quite close, maintaining transparency and constant communication.

During this audit we interviewed the followings:
- Mr. Celso Gabriel Pacola Colluci - Rural Workers Union of Ribeirão Preto - Treasurer
- Mr. Edmar Palviqueires - Rural Workers Union of Ribeirão Preto - Secretary
- Mr. Jair Pinto de Lima – Rural Workers Union of Altinópolis – Director
- Mr. José Antonio Monteiro - Beekeepers Cooperative of the Ribeirão Preto region - based in São Simão
- Loriene Cardoso - project coordinator of the Green keepers (Municipal Prefecture Guatapará, SP)
- Paulo Sergio Santos - project coordinator of the Green keepers (Municipal Prefecture Guatapará, SP)
- Andrea Cortez - director of the municipal school Vera Lucia Guatapará, SP (keepers of the Water Project)

32.5 - Interview(s) of involved people met

- Manager(s):
  - Mr Miguel Magela – coordinator of management systems
  - Mr Robson Laprovitera – manager of safe, health and environment
- Employee(s):
  José Francisco Figueiredo Lima – Lider of Forestry
  Gilberto Freire Carmo - Safety Technician Job
  Glauzia Dias de Faria - Analyst Social Responsibility and Sustainability .
  José Antonio de Delicioso - Beekeeper .
  Renato Leite da Silva - Supervisor of harvesting and transportation
  Mario Zotto - Supervisor of harvesting and transportation
  Appeared Donizete - Lider collection and transport
  José Teixeira - forestry supervisor IP
  Peter Francisco - Feller Buncher operator IP
  Tiago Santos - Skidder operator IP
Mark Zotto - Mechanical IP
Luis Salvatti - Operator IP tracer
Geraldo Antonio - Operator IP tracer
Claudemir Zotto - IP Mechanic
Daniel André - Train truck driver
Gilson Mendes Bastos - Forestry Worker
Luis Antonio Matos - Forestry Worker
Ivonei Gonçalves Raids - Forestry Worker
Donizete Francisco - Forestry Worker
Pablo Carlos - Forestry Worker
Alexander William Layman - Machine Operator
Carlos Eduardo Pereira Cruz - Forestry Worker
Adriano Rafael - Forestry Worker
Carlos Arnaldo Coltro Jr - Safety Technician
Gláucia Faria - Analyst Social Responsibility and Sustainability

- Sub contractors:
  Marcelo Cabral - Responsible of Attaera
  Bertude Luis da Silva - Technical Security Attera
  Aluizio André de Oliveira - JRM driver
  Alex Cardoso - JRM forestry worker
  Sergio Pereira - JRM forestry worker
  Donizete Abreu - JRM tractor
  Édno Cristiano Dário: Safety Technician Job Forest JRM
  Carlos Lima: Leader Field - Forest JRM
  Wilson Donizeti Maragutti: Driver Forestry JRM
  Joelso Santos: Foreman Forestry - IP
  Edmar Custódio da Silva: General Services - Forest JRM
  Cleber José da Silva: Forest Supervisor Forest JRM

32.6 - Other evaluation techniques
No additional techniques were employed for this evaluation.

32.7 - FSC trademark use control
The FSC trademark is used on invoices delivery between planting forest to paper mill / logyard. No deviations were identified in invoices verified.

### 32.8 - Controversial elements

No element observed during the audit was considered controversial.

### 32.9 - Changes since last audit

There was no change.

### 32.10 - Surveillance audit closing meeting

The forest entity's staff agreed with the CARs and the observations raised by the audit team. The representative of the audited company signed the form of non-compliance (SF02) presented (attached).

### 33 - Audit team observations

#### 33.1 - Actions taken in order to answer to the Corrective Action Requests from the previous audit

The observations demonstrated compliance with the referential used and have also shown that the certificate holder has corrected all previously identified non-compliances.

<table>
<thead>
<tr>
<th>CAR #</th>
<th>CAR description</th>
<th>P&amp;C indicator number</th>
<th>Action taken by the entity to close the CAR</th>
<th>Closed/ Open</th>
<th>Date of closure</th>
</tr>
</thead>
</table>

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Include in the management plan:
- Program for the identification and protection of rare and endangered species
- Maps of the planting and protected areas (link)
- Environmental protection measures (beyond fire)
- Monitoring of fauna and flora (besides conducted in HCVFs)
- Rationale for rate of annual harvest for the sustainability.

The management plan was reviewed and the items were all included.  
Closed 04th April, 2014

Implement a regular monitoring inspection program regarding the inspection of the equipments (tractor) being used, as well as provide the immediate substitution of the defective pieces.

A new inspection program was implemented on a weekly basis. In this sample audit all items were appropriate.  
Closed 04th April, 2014

Implement a monitoring program on the proper disposal and temporary storage of waste, according to the guidelines set forth in the document SGAF-014-41: Waste Management, Emissions and Effluents

A new inspection program of waste in warehouses and new training was conducted was implemented. In this sample audit all items were appropriate.  
Closed 04th April, 2014

Comments:
We don’t observed any complaints or disputes raised by stakeholders with the certificate holder, or with the certification body, since the previous evaluation.

33.2 - Action taken in order to answer to previous recommendation

All recommendations described in the previous audit were related to observations and non-conformities reported at that event. The company submitted corrective actions for all these items including on the same the recommendations listed below:

Recommendation A: In plots that border with natural areas, the overthrow activity must be initiated by the farthest field point, with the intent to scare away the animals that may be there refugees toward natural areas:
- Verified that this point was inserted in forest activities, as evidenced in planning.
Recommendation B: Delivering respective block Program “Bem Te Vi” at the work, to record the sighting of wildlife by the forest workers, and subsequent referral to the responsible sectors.
- Submitted and implemented block.

33.3 - Evaluation of the general conformity level of the entity

The overall level of conformity of the entity remains positive. Despite the CARs and recommendations issued they do not compromise the social, environmental and health and safety of worker performance of the company which was considered very well.

33.4 - Eventual changes in the scope of certification

There was no change.

34 - Proposals regarding the certification decision

34.1 - Description of new recommendations

All other recommendations identified by the audit team are related and were inserted in the text of the CARs presented below.

34.2 - New Minor Non Conformances

Were registered 02 Nonconformities smaller and 05 Observations related to compliance with the FSC requirements.

<table>
<thead>
<tr>
<th>№</th>
<th>Minor Non Conformances</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Improper handling of clothes herbicide during the exchange and deposition in support. Silviculture activity Horto Santa Fe B herbicide. Provider: Attaera.</td>
<td>Until next audit</td>
<td>4.2.4</td>
</tr>
<tr>
<td>Nº</td>
<td>Minor Non Conformances</td>
<td>Proposed date of implementation</td>
<td>Requirement number</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>02</td>
<td>Horto Florestal Santa Fe B, activity of herbicide application, there was no evidence the invoice for shipping the product in use - Scout, even though the vehicle driven by municipal roads at odds with the Federal Decree 96044/1988 SUP001 and Procedure see 12, item 2.1.4 - requires the transport of products to the field (pesticides, as Scout) must be accompanied by Fiscal Note, among other documents.</td>
<td>Until next audit</td>
<td>6.6.6</td>
</tr>
</tbody>
</table>

**Comments on the minor Non Conformance:**
Description detailed of the elements evaluated, nonconformities found and CARs, are presented in the form SF02, annex to this report.

**Recommendations:**

4.4.2 - Despite not having been found in legal noncompliance, it should change from truck traffic Horto B Santa Fe route, avoiding the street Emilio Dalla Son - district Champs Elysées, Delicioso-SP, which presents close to passing trucks heavy and large flow of pedestrians, bicycles and children.

4.1.5 - Although no non-compliance have been identified in the legal care or procedures of the company, should reduce differences in working conditions between the field staff and service providers, as the difference between toilets in the workplace and health programs aimed at providers service - Attaera.

4.2.6 - Despite meet NR 31(legal), the bathroom on the labor front was damaged and contaminated clothing giral could have more suitable and spacious dimensions, with separation of men's and women's clothing as well as the use of area for changing clothes separated by gender.

10.7.1 - Should review the organization of the filing of the SAPs, as regards:

- The quantity or minimum inventory of the items considered relevant, such as: dampers, hoes and backpack pumps, among others.

- Arrangement of ABC extinguishers, 20kg, No. 210, 136, 213 and 127, available on Deposit PAE's - Lawn Garden, which were previously used in Clambunk equipment, replaced by Skidder 6x6.

- Update the phone number of contact exists in the "List of Items Briefcase First Aid - IP" briefcase booking available on Deposit PAE's - Garden Lawn, because it references the phone number Region II After verifying through inspections, which other First Aid boxes are located in different work fronts, had the correct identification of new phone numbers to contact.
4.2.5 – The organization is recommended to perform its monitoring on the emission of black smoke into the Generator Equipment Power BD-E3 8000, installed near the area of the Garden Experience Benedict. Found that the equipment became operational in February 2014.

6.1.1 - The organization should conduct awareness activities among employees, with a view to adequate provision in the work fronts, their empty containers of takeaway.

4.2.6 – It should strengthen the organization, the guidelines related to the risks of conducting on-site dining for developing forestry activities. Identified during the interviews with the employees themselves and service companies, Horto St. Benedict Activity Forest Harvesting and Transport, some staff commented that eventually, in a period of intense rain, carry meals in the workplace. Found in the audited areas, the availability of Areas of Experience clean and hygienic, and availability of transportation for employees to different spheres of life, whether own or belonging to partners.

4.2.4 - The organization could critically examine the possibility of substitution of acrylic display the extinguisher located externally on the Living Area sandbox - Horto St. Benedict Activity harvesting, because it is broken, a situation which may contribute to the risk accidents.

34.3 - New Non Conformances

No major non conformance was opened in this audit.

<table>
<thead>
<tr>
<th>Nº</th>
<th>Major Non Conformance</th>
<th>Proposed date of implementation</th>
<th>Requirement number</th>
</tr>
</thead>
</table>

Comments on major Non Conformance:

34.4 - Conclusion of the audit team

The company achieved and maintains the required level of conformance with the FSC standard. In the opinion of the audit team, the entity may keep the FSC certification on its Forest Management.
35 - Certification decision

Based on the positive results of this surveillance audit the FSC Forest Management certificate of the INTERNATIONAL PAPER do BRASIL LTDA remains valid.

Issued the 05/04/2014, reviewed July 4, 2014

FM certification technical manager, Lead Auditor,

Brian Callaghan Juliana Bueno Calpas
36 - Appendices

36.1 - Revision of pairs following initial audit

Peer Reviewer 1

Reviewed file

Audited body: INTERNATIONAL PAPER DO BRASIL LTDA
Name(s) and type(s) of the reviewed audit report(s) (specify references):
INITIAL REPORT, APRIL/01/2010 - CHECKLIST SF03 FSC FM V1.0 EXTRACTED FROM THE FOREST MANAGEMENT REFERENTIAL RF03 FSC FM BV PARA FLORESTAS PLANTADAS BRASIL_V1.0 (PLANTATIONS) , FROM NOVEMBER 2009.

Date of the review

06/07/2010

General comment(s) of the peer reviewer

THE REPORT BRINGS A COMPLETE Description of the applicant forest entity; Legal, administrative and land use context; Description of the activities AND Potential Impact on forestry. THE INFORMATION COLLECTED ON Document review, Interviews of involved people met, On-site visits, Stakeholders identification and consultation, MAKE A GOOD BASIS FOR CONSOLIDATION OF THIS REPORT. THE AUDIT TEAM comments ARE CLEAR AND OBJECTIVES. THEY BRING A Clear description of all recommendations and conditions associated with the certification decision. THE Corrective ActionS Requests ARE RELATED TO INDICATORS (BVC), CRITERIA AND PRINCIPLES OF THE FSC. THE Proposal of conclusion on whether the candidate entity achieved the required level of conformance IS CLEAR AND SHIRE WITH THE REPORT.

Comments of the peer reviewer on the report

The comments of the peer reviewer shall provide the answer to the following questions (the blank space allotted to the answer below is not restrictive, the peer reviewer can add as many lines or pages as he/she considers necessary):

○ Is the field audit work relevant and does it enable certification decision?

YES. THE FIELD AUDIT COVERED ALL THE RELEVANT ITEMS REQUIRED FOR THE CERTIFICATION. THE AUDIT TEAM SIZING AND TIME AVAILABLE WERE PROPORTIONAL
THE COMPANY OWNS 101,343 HA OF LAND DIVIDED IN 97 FMUS; THE TOTAL AREA TO BE INCLUDED IN THE CERTIFICATION SCOPE IS 88,688 HA. THE PROPERTIES LOCATED IN 03 ADMINISTRATIVE REGIONS: REGION I, II (SÃO PAULO STATE) AND III (SÃO PAULO AND MINAS STATE) WERE AUDITED. THE COMPANY MANAGES 12,112 HA UNDER RENTAL AGREEMENTS, WHICH ARE NOT INCLUDED IN THE SCOPE OF THE CERTIFICATION, BUT ARE PERFORMED WITH THE SAME PRINCIPLES AS THEIR OWN LANDS. THE AUDIT PROGRAM COVERED ALL OF THE COMPANY ACTIVITIES IN CONNECTION WHIT THE PRODUCTION FOREST, LIKE: COMPLIANCE WITH ENVIRONMENTAL, HEALTH AND SAFETY LEGAL REQUIREMENTS; FOREST ACTIVITIES AND INVENTORY; FOREST MANAGEMENT PLAN; ENVIRONMENTAL ASPECTS AND IMPACTS, HAZARD IDENTIFICATION AND RISK ASSESSMENT; SOCIAL ASPECTS AND PROJECTS; TRAINING ACTIVITIES; PREPARATION AND RESPONSE TO EMERGENCY SITUATIONS; HIGH CONSERVATION VALUE FOREST, CHEMICALS USED IN THE PLANTING; MONITORING OF THE FLORA, FAUNA AND PESTS; RECOVERY PLAN FOR DEGRADED AREAS, BIOLOGICAL CORRIDORS PROGRAM; ENVIRONMENTAL PERFORMANCE INDICATORS; INTERVIEWS WITH STAKEHOLDERS, AMONG OTHER...

Is the information presentation clear enough and does it enable certification decision?

THE FIELD AUDIT COVERED ALL THE FSC PRINCIPLES AND CRITERIA USING THE BVC INDICATORS. THIS IS DESCRIBED IN GREAT DETAIL ALL EVIDENCES OF COMPLIANCE AS ALSO THE NON COMPLIANCES DETECTED.

THE INFORMATIONS PRESENTATION IN THE REPORT BRINGS A CLEAR Description of the applicant forest entity AND THEIR ACTIVITIES. THE LEGAL, ADMINISTRATIVE AND LAND USE CONTEXT IS WELL DESCRIBED. THE INFORMATION COLLECTED ON DOCUMENT REVIEW, Interviews of involved people, ON SITE VISIT AND STAKEHOLDERS ARE ALSO WELL DESCRIBED. The set of all information presented provides a foundation for correct certification decision.

Is the proposed certification decision justified by the observations presented in the report?

YES. WERE EXCLUDED FROM THE SCOPE OF THE CERTIFICATE 3 PROPERTIES UNDER THE COMPANY’S OWNERSHIP (HORTO GRAMADO, HORTO SANTA FE A, AND HORTO SANTA TEREZINHA) BECAUSE THEY CONTAIN RESEARCH PLOTS WITH GENETICALLY MODIFIED EUCALYPTUS; APPROXIMATELY 32 HA OF NON COMMERCIAL GMOS IN THESE 3 FMUS. IN ORDER TO COMPLY WITH FSC POLICY ON GENETICALLY MODIFIED ORGANISMS (FSC-POL-30-602), THE TOTAL AREA OF THE FMUS CONTAINING THESE RESEARCH PLOTS WERE NOT INCLUDED IN THE SCOPE OF THE CERTIFICATE; CONSEQUENTLY, IP IS APPLYING FOR A PARTIAL CERTIFICATION.

THE COMPANY USE SOME PRODUCTS LISTED ON THE LIST OF CONSIDERED PROHIBITED BY THE FSC PESTICIDES, BUT THEY HAVE BEEN GRANTED OF A TEMPORARY PESTICIDE DEROGATION FROM FSC (FSC DER 30 V10 EN SULFURAMID BRA 28042010).

THE COMPANY ESTABLISHED CONSISTENT ACTIONS TOWARDS PUAR(PRELIMINARY UPGRADE ACTION REQUEST) RESOLUTION, OPENED IN THE PRE-AUDIT. IN THE INITIAL AUDIT WERE REGISTERED 12 RECOMMENDATIONS, 02 MAJOR CORRECTIVE ACTIONS REQUESTED (BOTH CLOSED) AND 07 MINOR CORRECTIVE ACTIONS REQUESTED ASSOCIATED WITH THE CERTIFICATION DECISION. THEY ARE CLEARLY DESCRIBED AND RELATED WITH THE FSC PRINCIPLES AND CRITERIA AND NOT UNDERTAKE THE CERTIFICATION DECISION. THE CONCLUSION THAT INTERNATIONAL PAPER DO BRASIL HAS A SYSTEM CAPABLE OF
ENSURING THAT ALL REQUIREMENTS OF THE FSC STANDARD ARE MET IN THEIR MANAGEMENT UNIT IS COHERENT WITH THE OBSERVATIONS PRESENTED IN THE REPORT.
Peer Reviewer 2

Reviewed file

Audited body: INTERNATIONAL PAPER DO BRASIL LTDA

Name(s) and type(s) of the reviewed audit report(s) (specify references): Initial Audit Report – Forest Management

Certification Document ref.: AR100502BR, version 1.0

Date of the review

June 2010-06-21

General comment(s) of the peer reviewer

The audit report presents a deep evaluation on all aspects of management and practices of the company that have importance in the process of certification, with emphasis on the ten principles of FSC.

Some minor imperfections of language which does not interfere whatsoever in the results, like, for example, in the Forest description (page 8/53) in de item: Dominating forest stand composition: softwood, the correct is hardwood, In the wood and forest international literature, softwood means conifers, gymnosperms while hardwood means broadleaved, angiosperm which is the case of the genus Eucalyptus.

Comments of the peer reviewer on the report

- Is the field audit work relevant and does it enable certification decision?

   It is possible to affirm that the audit work was very relevant, for example it examined the Company compliance to the principles of FSC and found the following results:

   Principle 1 a major CAR (CAR 01) some transport contractors truck drivers were working excessive hours and under paid. CAR 03 refers overloading hauling trucks.

   Principle 2 and 3, No non-compliance.

   Principle 4 – Minor CARs (CAR 04 and 05) related to first aind boxes close to storage of pesticides.

   Principle 5 – No no-compliance

   Principle 6 - Major CAR ( CAR 02) for the use of banned pesticide (sulfuramid) st the time of audit, the derogation was under evaluation by FSC.

   Principle 7 – No no-compliance

   Principle 8 – Issued Minor CAR (CAR 06) necessity to establish mechanisms which point deviations in the management of working hours and salary of subcontractor’s workers.

   Principle 9 issued Minor CAR (CAR 07, no procedure for recognition of the HCVFs. The
activities monitored were not consistent with the attributes given.

- **Is the information presentation clear enough and does it enable certification decision?**

Yes the audit information is clear enough to support the certification decision.

Good examples are on Elements subjects to controversy in which are presented the existence of plots with GMOs (Genetically Modified Organisms) in Company’s areas. In FMU Santa Terezinha 8 ha in a property of 3.240 ha, FMU Gramado 3.92 ha in a property of 5.590 ha, FMU Santa Fé, 20 ha in a property of 3.547 ha, the three areas registered in CTNBio. The areas were excluded of the scope of FSC certification.

Company actions to solve the major CARs.

**CAR 01:** The management unit announced the notification of a major CAR to the companies: Willtur Transporte and Turismo Ltda. And GA Forest Logistica and transporte Ltda, both perform transport services. The management requested the working schedules of all drivers who carry out activities within the management unit and a declaration of their compliance with the requirements established by law; The audit concluded that the actions taken by the company (cause analyses, corrective and preventive actions) are satisfactory to close the non-conformity. This information was provided with documentary evidence.

**CAR 02 –** The Pesticide Committee of FSCm included International Paper do Brasil, on April 28 of 2010, in the pesticide derogation for sulfurami in Brazil (FSC-DER-30-V1,0-EN Sulfuramid Bra).

Those actions showed the compromise of the company towards the compliance with the principles of FSC.

- **Is the proposed certification decision justified by the observations presented in the report?**

Yes the proposed certification decision, in the judgement of this reviewer, is perfectly justified by the observations presented in the report.
## 36.2 - Responses to stakeholders

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<tr>
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<th>Ref. remark</th>
<th>Remarks received</th>
<th>FSC criteria-indicator</th>
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<th>Answer Lead Auditor</th>
<th>Answer Bureau Veritas Certification</th>
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<tr>
<td>03/2010</td>
<td>1</td>
<td>Any monoculture back losses to the environment, has been thought by the IP option of doing a rotation with other crops in the areas of eucalyptus plantations?</td>
<td></td>
<td>Crop rotation is not a practice adopted in forestry plantations in general. However, the eucalyptus plantations are conducted according to principles of minimum cultivation of forests, where there is no direct tilling the soil, as in conventional agriculture, which still kept the plant remains on the ground like twigs and leaves. Associated with these management practices the company uses fertilizer to maintain productivity of the forest, cultivating eucalyptus by repeated cycles for over 40 years, without damage to the productive capacity of soils.</td>
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<tr>
<td>03/2010</td>
<td>2</td>
<td>The forests in Minas Gerais are for what purpose?</td>
<td></td>
<td>To supply the pulp and paper mill company in the city of Luiz Antônio, SP.</td>
<td></td>
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<tr>
<td>03/2010</td>
<td>3</td>
<td>Any monoculture brings losses. Have you thought about making crop rotation eucalyptus? There is concern for firms in this sense, even in academia. There is no renewal of the technique of reforestation to promote crop rotation for reforestation. Can you tell</td>
<td></td>
<td>Crop rotation is not a practice adopted in forestry plantations in general. More common in Brazil is the system of intercropping of crops with eucalyptus, generally employed by small and medium producers seeking to diversify their agricultural production.</td>
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<td>03/2010</td>
<td>5</td>
<td>The way the planting of eucalyptus is being practiced in Brazil differs from other crops. For example, depending on the stand, it is recommended to crop rotation. Nor do I see if there is soil degradation, and the eucalyptus has been planted for more than 60 years in the region.</td>
<td>environment</td>
<td>The mainstay of forest production is the soil itself. In this sense, there is a big concern of the company for its handling does not cause soil degradation, but promotes their preservation, so that future productivity is not compromised. In addition to adopting practices that enhance soil fertility, the company also makes use of conservation practices, both in planting areas on the roads in order to monitor water runoff and prevent erosion.</td>
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<td>03/2010</td>
<td>6</td>
<td>No alternative than for the control of the ant? Comment from the question, I consulted to suggest how to control ants. Recommended control ecologically correct, but has not been used in large or small scale. If the search is consistent with the idea, it is better to combat the ant in an environmentally friendly, less striking.</td>
<td>environment</td>
<td>The company employs chemical control of ants, ant bait through duly approved by competent authorities and are looking at the working groups IPEF (Institute of Forestry Research and Studies, USP) control alternatives using physical methods and biological.</td>
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<td>03/2010</td>
<td>7</td>
<td>The work done at PRNP Mogi Guaçu was a pilot in the polls in the state of SP. The species that were initially deployed died and the project evolved, was successful and became a</td>
<td>environment</td>
<td>The company considers of utmost importance to carry out environmental research that aim at the long term in ensuring the sustainability of ecosystems, with commitments established research in biodiversity and water</td>
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<td>03/2010</td>
<td>8</td>
<td>There is interest in partnering the company sponsoring sporting events.</td>
<td>social</td>
<td>The focus of investments from International Paper in the area of social responsibility for more than 30 years, is focused on educating young people and the environment. In 2007, to form the Office International Paper, whose goal is to manage and expand the role of corporate citizenship actions, we developed our meetings with professionals in order to establish the mission, goals and areas of expertise of the Institute. The result was the confirmation that the Institute should work in youth education and the environment. Thus, investment returned to the sport is not included in the mission and goals of our Institute. Creator of Bee alleges that in September last year the company</td>
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<td>allowed the placement of bee boxes in the plantations near the “Santos Dumont” - St. Simon, but December/2009 last year he was forced to withdraw without getting the honey boxes. International Paper to date does not allow beekeeping in their properties because of the risks inherent in this activity, both in the environmental and health and safety. However, considering that the activity of beekeeping can bring benefits to the community and encourage local enterprises, the company is exploring partnership proposal submitted by the Association of Beekeepers in the region of Ribeirão Preto for their use of eucalyptus forest as bee pasture cooperative members.</td>
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<td>03/2010</td>
<td>9</td>
<td>Eucalyptus dry land more than the savannah? environment</td>
<td>The eucalyptus plantations consume more water than the natural savanna ecosystem, due to higher evapo-transpiration rate of the planted forest. To minimize adverse effects of water consumption, the company has committed to respecting the distance of the plantations of permanent preservation areas such as rivers, lakes and springs, according to the Forest Code. Performs the construction of soil conservation structures, which</td>
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<td>03/2010</td>
<td>10</td>
<td>Cycling enthusiasts of São Simão and execute their training walks in forested areas of the company and would like to know whether the company could do work for marking and signage of the area so that there is no risk to cyclists if they lose in business.</td>
<td>social</td>
<td>govern rainwater in plantations and roads and promote infiltration of water into the soil. Moreover, through the legal reserve areas are preserved remnants of native vegetation also help to recharge underground water. On average, every 03 hectares of eucalyptus, the company maintains a 01 hectare area for nature conservation.</td>
<td>In the last three years received requests from organized groups of cyclists in the region to conduct tests in IP areas. The area allows the use of forest areas before completion of documentation required by the legal department. I believe that this work of marking is the responsibility of event organizers. It is important to recognize that our gardens are private areas, focusing on production where there is constant movement of professionals and vehicles. Not to be confused with reserves or parks, where you can enjoy as a leisure area. Received, if any, requests for achievements of bicycle races. They are analyzed taking into account the structure set by the heads of the event, to</td>
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<td>03/2010</td>
<td>11</td>
<td>Local resident practitioner of fishery claims that the passage of trucks at the time of removal of timber causes furrows (rieiras) on dirt roads in the region near the Forest of Vassununga and the company does the maintenance of roads.</td>
<td>environment</td>
<td>offer all the necessary security to participants and our forest and also to meet the relevant legislation. Thus when, where, given the characteristics of the event warrant bicycle races in our gardens, marking and signaling pathway of proof is on account and the person in charge for the event</td>
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To address any impacts of their timber transport company operates in the repair of roads after the period of transport, however, we must consider that also occurs in municipal roads and truck traffic flow of other agricultural products, which also causes wear the roadbed. In 2010 to facilitate communication with the surrounding community, the company has been offering plates on the fronts of harvesting and transporting forest containing communication channel (08.007,030,070) of the SAC. Other media is to deliver a statement in communities around before the start of the activities of Forest Harvesting and Transport, providing information on community activities that will take place and channel of contact with the Company for claims that may arise due to their operational activities. Also being performed.
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<td>03/2010</td>
<td>12</td>
<td>Local resident claims that the company completed the expansion of conservation areas surrounding springs near the farm black rosewood, working more effectively than the company that was acquired (which worked previously).</td>
<td>environment</td>
<td>The company tries to act proactively on environmental issues, especially those related to retention of permanent preservation areas and legal reserves, and has an annual program of ecological restoration.</td>
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<td>03/2010</td>
<td>13</td>
<td>Resident suggested that the company rode a gene bank of native cerrado.</td>
<td>environment</td>
<td>The company is promoting the restoration of savannah areas on their properties using the techniques of driving natural regeneration or planting seedlings of native species of this ecosystem. In the latter model takes the seedlings from nurseries known to have programs for seed collections that aim to ensure genetic variability of seedlings. Acting in this way we believe we are encouraging businesses and local or regional, to adopt this strategy was not provided the company's need to maintain a gene bank of native cerrado. However, the company is open to receiving proposals to support</td>
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<td>03/2010</td>
<td>14</td>
<td>Resident requests the company to provide wood for the maintenance of fences and several works for small landowners.</td>
<td>social</td>
<td>such initiatives with the aim of genetic conservation of forest resources.</td>
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<td>03/2010</td>
<td>15</td>
<td>Local resident of São Simão complains that the municipality of Serra Azul had a creek at Fazenda Tamanduazinho that was almost dry. Do not know if the property is said of International Paper.</td>
<td>Environment/social</td>
<td>The company, through its forest development program, provides seedlings and technical assistance to those producers who wish to start the forestry with timber production goals. Moreover, it also has a communication channel to receive the community demands, including requests for donation (08,007,030,070).</td>
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<td>03/2010</td>
<td>16</td>
<td>Resident complained that the politicians of the region are not sensitive to changes in the local as the decrease in production of various products other than sugar cane and eucalyptus.</td>
<td>social</td>
<td>For the company grow eucalyptus forests in the region of Saint Simon for over 40 years and have never been any problem related to water resources associated with this culture, we believe that the drought of the stream in question has no relation to the properties of International Paper.</td>
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<td>03/2010</td>
<td>17</td>
<td>Resident questioned what the social projects have been developed for the region of São Simão and how it can drive the company to develop social projects in the region.</td>
<td>social</td>
<td>International Paper with the objective to promote transformations in the community where it operates, develops a series of environmental projects through the Office International Paper. In the aforementioned region, we developed the following projects:</td>
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|        |             |                                                                                  |                        | - Environmental Education Program  
Objective: To contribute to the awareness of young people to the importance of environmental issues, by multiplying the shares for teachers, parents and community, linking the sustainability of the business of IP with the Environmental Conservation.  
- Waste Recycling Partnership  
Purpose: selective collection in the municipality of action, valuing people who work in this process.  
- Guardians of Green  
Objective: Empower adolescents for the nursery.  
To drive the company regarding the development of social projects, please contact us by phone 16 16 3983-1165 or 3986. |                                                                                  |                                     |
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<td>03/2010</td>
<td>18</td>
<td>The company has hired people from the region of St. Simon? The company at one time was giving priority to hiring people of Ribeirao Preto.</td>
<td>social</td>
<td>Yes In 2008 the company hired about 90 professionals in the city of St. Simon and, where necessary, resort to the hiring of local labor</td>
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<td>03/2010</td>
<td>19</td>
<td>Residents' associations in Altinópolis reports that the company's plantations in the landscape affect the area with high rates of caves for the conservation and ecotourism.</td>
<td>environment</td>
<td>International Paper took ownership of forest parks in Altinópolis in 2007 and that same year, recorded in his geographic information system all existing caves. IBAMA also reported on the existence of natural cavities and filed a protection plan that includes the establishment of the line between the plantations and natural cavities within a radius of 250 meters, and the restoration of natural vegetation surrounding these areas. The caves were also the subject of research by USP, among other research institutions, indicating that they possess a rich fauna that must be preserved, and recommended that these sites are intended for conservation.</td>
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<td>03/2010</td>
<td>20</td>
<td>The forestry activities of the company as herbicide application can affect recharge points of the environment.</td>
<td>environment</td>
<td>The company applies herbicides to control grassy weeds only in the first year of planting. As the cycle of eucalyptus is 07 years</td>
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<td>03/2010</td>
<td>21</td>
<td>The company has internal roads near the Cinco Bocas cave that may be affecting the integrity of the sandstone grotto. The company has safeguards for activities near the cave.</td>
<td>environment</td>
<td>The existing safeguards are to 250 meters away in areas with eucalyptus plantations of the caves, including the roads, and restoring the natural vegetation surrounding the cavities.</td>
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<td>03/2010</td>
<td>22</td>
<td>The company could collaborate to form the park to the caves near the Grotto Association Portal? (Composed of 27 homeowners)</td>
<td>environment</td>
<td>Our investment focus is on education for young people and the environment. However, we know we are accessible to other projects in order to ascertain if there will be able to support.</td>
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<td>03/2010</td>
<td>23</td>
<td>The company could collaborate with the formation of a native plant nursery in the area of the Association of Cave Portal?</td>
<td>social</td>
<td>The company has farmed off material in the region and it could be used to facilitate formation of the Association of the nursery. Upon evaluating partnerships to develop improvements in design in Green Guardians Altinópolis. This project works to train young people to the activity of nursery and production of native seedlings.</td>
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<td>03/2010</td>
<td>24</td>
<td>There are reports that the caves in the region there is evidence of human presence dating back 12,000 years</td>
<td>environment</td>
<td>Studies were carried out research in these caves, not being targeted in these studies is evidence of human presence dating back 12,000 years.</td>
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<td>03/2010</td>
<td>25</td>
<td>There is the presence of parrots in the area of influence of the company. The company recognizes this fact?</td>
<td>environment</td>
<td>There are records of the occurrence of parrots, as well as over 290 bird species on company property.</td>
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<td>03/2010</td>
<td>26</td>
<td>Association suggests that in an area of 1.5 acre planted with eucalyptus trees are replaced by native trees that they themselves can grow to 350 m of cave Itambé.</td>
<td>environment</td>
<td>The company has already made a commitment to the IBAMA for establishing the line between the plantations and natural cavities within a radius of 250 meters, and the restoration of natural vegetation in the surroundings of natural cavities.</td>
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<td>03/2010</td>
<td>27</td>
<td>A resident asked the company to develop opportunities for residents of the proposed Altinópolis out menial services for youth in the city, the example of the young apprentices.</td>
<td>social</td>
<td>The Office International Paper with a focus on socio-environmental education, develop projects aimed at sustainable growth and transformation of lives.</td>
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<td>In the municipality of Altinópolis developed the project Guardians of Green which aims to empower young people to the activity of nursery, providing income generation and preparation for the labor market.</td>
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<td>03/2010</td>
<td>28</td>
<td>Residents of Altinópolis reports the reduction in the number of contractors that provide service for the management unit, after moving assets to</td>
<td>social</td>
<td>The company to acquire properties in the municipality of Altinópolis in 2007 conducted a review of contracts for service and currently holds the contract</td>
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<td>03/2010</td>
<td>29</td>
<td>The company undertakes the municipal roads to overload their carts. There are balances to control the weight of trucks.</td>
<td>Environment</td>
<td>for services with a company in the city of Altinópolis for activities related to reforestation, which prioritizes the hiring of local workforce.</td>
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<td>03/2010</td>
<td>30</td>
<td>Altinópolis resident complains that contractors make timber transport</td>
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<td>channel (08,007,030,070) of the SAC. Other media is to deliver a statement in communities around</td>
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<td>timber transport on the roads with treminhão not supervised and inspected</td>
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<td>before the start of the activities of Forest Harvesting and Transport, providing information</td>
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<td>when they arrive on the roads disconnects one of the carts from being caught</td>
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<td>on community activities that will take place and channel of contact with the Company for</td>
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<td>by surveillance. (Region of Cambuí). 255 On the road they leave a makeup to run</td>
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<td>claims that may arise due to their operational activities. Also being performed annually in</td>
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<td>like Romeo and Juliet. Observed by the residents in the part of the vicinal</td>
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<td>Social Indicators Research addressed to NGOs, Unions, House Agriculture and / or Local</td>
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<td>Sapucaí SP048. Vicinal the farm to the Sao Paulo region of Bobic. Vicinal</td>
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<td>Public Offices and / or community associations, to monitor the level of satisfaction with</td>
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<td>environment</td>
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<td>the communities.</td>
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<td>Upon learning of this complaint, the company sought to establish the facts,</td>
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<td>The timber shipping company denies the accusation. However, a monitoring system was</td>
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<td>finding no evidence in the field, as well as the timber shipping company</td>
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<td>structured in order to monitor this in the region. Moreover, the company also announced</td>
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<td></td>
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<td>denies the accusation.</td>
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<td>that the roads in this region there is also the transport of timber from other companies</td>
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<td>reforestation. In 2010 to facilitate communication with the surrounding community, the</td>
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<td>company has been offering plates on the fronts of harvesting and transporting forest</td>
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<td>03/2010</td>
<td>31</td>
<td>Monjolinho (eucalyptus + cane sugar). Representative of the city says the biggest user of the rural municipality of eucalyptus and this causes serious damage to roads in the city.</td>
<td>social</td>
<td>communication channel (08,007,030,070) of the SAC, so that complaints like this can be readily assessed.</td>
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<td>03/2010</td>
<td>32</td>
<td>Representative of the mayor accuses the presence of eucalyptus plantation in the municipal road alloy vicinal Cajuru the Serrana, including road easement closed padlock by the company.</td>
<td>Environment/social</td>
<td>The company makes the cultivation of eucalyptus trees only in areas that have the field, not carrying out plantations on lands of others. Seeks to resolve conflicts through dialogue, always willing to find solutions to them, legally. Thus, also reports that only restricts access to their properties when they are not part of public easement roads.</td>
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<td>04/04/2011</td>
<td>33</td>
<td>No complaints from service providers or IP. The worker's Union has a good relationship with IP. There is a collective Agreement that is revised annually, providing commuting hours, EPI, pregnant women.</td>
<td>Environment/social</td>
<td>Requested area to the landfill is being evaluated with the Legal Department and the Forest area of the company.</td>
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<td>No comments needed</td>
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<td>23/03/2012</td>
<td>34</td>
<td>Oriçanga farm is owned by a company that develops planting of oranges in an area of 400.00 ha. This property is bordered by eucalyptus plantations of IP in a range of about 1,500 m. In an interview with the farm manager expressed this good neighbor with the IP and praised the company had received information highlighting the phone fire brigade and informing already developed fire fighting work in partnership with the IP. No negative comment or complaint was manifested during the visit.</td>
<td>No comments needed</td>
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<td>23/03/2012</td>
<td>35</td>
<td>Granja San Jose is a farm where it is developed poultry (chicks of 01 days) until the age of 18 posture sheds which house about 250,000 hens matrices. This property is bordered on almost all his surroundings with eucalyptus plantations of IP. In an interview with the manager of the farm, he declared a good relationship with the IP and praised that the company had received information</td>
<td>No comments needed</td>
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<td>23/03/2012</td>
<td>36</td>
<td><strong>Guardians of the Green Project - native plant nursery with adolescents.</strong> The IP sent instructors and did OSCIP program management, financial resources, substrates and most of the seedlings, in partnership with the City. The employee had an IP once / week to technically empower the young (6 months, the first module and about four months for the second module) - The project lasted one year. The Guardians of the Project Green initiative turned out to IP. 24 + 50 were trained at the time (over 16). A OSCIP questioned the policy of just foster environmental projects and not social/cultural projects.</td>
<td>No comments needed</td>
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