

FOREST MANAGEMENT AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY SURVEILLANCE EVALUATION REPORT

Lwarcel Celulose Ltda.

SCS-FM/COC-00093P

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CERTIFIED	EXPIRATION
13/May/2016	12/May/2021

DATE OF FIELD AUDIT
16 to 19/April/2018
DATE OF LAST UPDATE
19/Nov./2018
Major CAR closed: 22/Jan./2019

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Foreword

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Cycle in annual surveillance audits				
<input type="checkbox"/> 1 st annual audit	<input checked="" type="checkbox"/> 2 nd annual audit	<input type="checkbox"/> 3 rd annual audit	<input type="checkbox"/> 4 th annual audit	<input type="checkbox"/> Other (expansion of scope, Major CAR audit, special audit, etc.):
Name of Forest Management Enterprise (FME) and abbreviation used in this report:				
Lwarcel Celulose Ltda. – Lwarcel or FME				

All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing conformance with the requirements and standards of certification. A public summary of the initial evaluation is available on the FSC Certificate Database <http://info.fsc.org/>.

Pursuant to FSC and SCS guidelines, annual / surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or Corrective Action Requests (CARs; see discussion in section 4.0 for those CARs and their disposition as a result of this annual audit);
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior to this audit; and
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the FSC Certificate Database (<http://info.fsc.org/>) no less than 90 days after completion of the on-site audit. Section B contains more detailed results and information for the use by the FME.

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Annual Audit Team

Auditor Name:	Luciano Lisboa Junior	Auditor role:	Leader Auditor
Qualifications:	Mr. Junior is an agronomist specialized in silviculture with a degree from ESALQ of the University of São Paulo – USP. He has a Ph.D. in forest soils (major) and experimental statistics (minor) from North Carolina State University (USA). He was the manager of environment and forest safety at Aracruz Celulose SA, with responsibilities in processes of licensing, environmental management and certification, and occupational safety from April 1995 to August 2009. Senior Engineer at Aracruz Celulose SA, consultant for environmental technical issues of the Technical Control Department from July 1992 to April 1995. Head of Unit in two periods (Jan 1978 to Aug 1982, Jun 1987 to Jul 1990) and Researcher of Embrapa Florestas over 15 years (Jan 1978 to Dec 1992), working in the areas of silviculture, and forest soil and nutrition. He is an Environmental Consultant for forestry companies, and since 2010 he has been auditing by SCS/Sysflor in the FSC and CERFLOR forest certification processes; international auditor in the RSB certification for biofuels. Consultant for Bonsucro certification (cane, alcohol and sugar).		
Auditor Name:	Rosinês Luciana da Motta	Auditor role:	Team member
Qualifications:	Rosinês Luciana da Motta is a Biologist who was graduated at Paulista State University in São José do Rio Preto (1989-1992). Moreover, Ms. Motta holds a master and doctor degree in biological sciences, namely zoology, at Paulista State University in Botucatu. Ms. Motta was a university professor (1998-2011) where she developed researches about community and ecosystems ecology. She has published several essays in national and international magazines and congresses. Ms. Motta has attended master and doctor degree graduation workbench and provided courses and trainings about several ecological essays for the conclusion of course. She has actuated as higher education pedagogical director (2007-2010) and as director of the Environmental Center (area for release and sorting facility and rehabilitation of wild animals), from 2006 to 2010. Ms. Motta was a scholarship holder from RHAE-CNPq (Research Program) from 2011 to 2013 to restructure eucalyptus the pest and disease monitoring program from the enterprise called Equilíbrio Proteção Ambiental. Ms. Motta has actuated in the forest protection segment since 2011 and she was Equilíbrio Proteção Ambiental operational coordinator and provided guidance about forest protection. In addition, she is the author of several guidebooks for identification of the main pests, illnesses, leaf-cutting ants and weeds that may occur in eucalyptus culture in Brazil. Ms. Motta is partner of the enterprise Hotspot Ambiental which provides environmental-related services for forestry enterprises. ISO 9001 (Quality Management System) leader auditor was the most recent guidance that she has taken.		

1.2 Total Time Spent on Evaluation

A. Number of days spent on-site assessing the applicant:	4
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B. Number of auditors participating in on-site evaluation:	2
C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up:	1
D. Total number of person days used in evaluation:	9

1.3 Standards Employed

1.3.1. Applicable FSC-Accredited Standards

Title	Version	Date of Finalization
FSC-STD-BRA-01-2014: Evaluation of Forest Plantations in the Federative Republic of Brazil: Harmonized Standard among Certification Bodies	V1-1	28 July 2014, changed criterion 6.10 in June 2015
FSC-STD-50-001: Requirements for use of FSC trademarks by certificate holders	2-0	20 November 2017
Motion 65 on IFL – ADVICE-20-007-018	V1-0	01 January 2017
FSC-DER-30-001 Sulfluramid Brazil	V1-0	29 February 2016
FSC-DER-30-001-V1-0 EN Deltamethrin Brazil	V1-0	29 February 2016
All standards employed are available on the websites of FSC International (www.fsc.org), the FSC-US (www.fscus.org) or the SCS Standards page (www.scsglobalservices.com/certification-standards-and-program-documents). Standards are also available, upon request, from SCS Global Services (www.SCSglobalServices.com).		

1.3.2. SCS Interim FSC Standards

Title	Version	Date of Finalization
None.		
This SCS Interim Standard was developed by modifying SCS' Generic Interim Standard to reflect forest management in the region and by incorporating relevant components of the Draft Regional / National Standard and comments from stakeholders. More than one month prior to the start of the field evaluation, the SCS Draft Interim Standard for the country / region was sent out for comment to stakeholders identified by FSC International, SCS, the forest managers under evaluation, and the National Initiative. A copy of the standard is available at www.scsglobalservices.com/certification-standards-and-program-documents or upon request from SCS Global Services (www.SCSglobalServices.com).		

2 Annual Audit Dates and Activities

2.1 Annual Audit Itinerary and Activities

Date: 16/April/2018	
FMU / Location / sites visited	Activities / notes
FME office, Lençóis Paulista, SP.	<ul style="list-style-type: none"> • Opening meeting: introductions, client update; review of the audit scope and plan; • Updates to FSC and SCS standards and protocols; • Final site selection and finalization of audit itinerary, including stakeholders to be consulted; • Review of open CAR/OBS from last audit; • Interview with workers.

Chemical storage and Waste Management Area, Forestry Division, Lençóis Paulista, SP.	<ul style="list-style-type: none"> • Verification of the conditions of storage area and storage of chemicals; • Verification of chemical stocks and control records; • FISPG of products and emergency files; • Provisional storage conditions for empty pesticide containers and Class I and II wastes; • Shipping records of empty containers and boxes of pesticides for final disposal.
Date: 17/April/2018	
FMU / Location / sites visited	Activities / notes
Field inspection – Fazenda Ipiranga (010), Block 06.	<ul style="list-style-type: none"> • Inspection of herbicide application; • Inspection of occupational health and safety conditions and interviews with contract workers on occupational safety; use of PPE and environmental care in the application of agrochemicals; • Inspection of living areas, signage and warning signs near pesticide application / date of re-entry in the area; • Verification of the conditions and safety of worker transport vehicles; • Verification of vehicle and driver documentation; • Ground-truthing of maps; • Verification of conservation areas and road conditions.
Field inspection – Fazenda Ipiranga (010), Block 03	<ul style="list-style-type: none"> • Inspection of chemical weeding activity (total bar); • Water collection in the tanker-truck, chemical mixing, and environmental care and safety and use of PPE; • Verification of alert and warning signs on pesticide application / date of re-entry in the area; • Interviews with machine operators (company staff).
Field inspection – Fazenda Ipiranga (010), Block 18 – Harvest module and Block 14.	<ul style="list-style-type: none"> • Inspection of harvesting operations with Harvester and Forwarder, carried out by company team; • Preventive and corrective machine maintenance check; • Verification of the state of conservation of machines and equipment (company staff); • Interview with workers; • Verification of quality of meals and drinking water provided; • Ground-truthing of maps; • Verification of conservation areas and road conditions.
Field inspection – Fazenda Mamedina (001), Block 33	<ul style="list-style-type: none"> • Inspection of mechanized fertilization carried out by contract workers; • Interview with transport leader and fertilizer supply; • Verification of the environmental, operational and safety precautions in the transport and supply of the fertilizer in machines and its application; • Equipment calibration check; • Inspection of transport vehicle: safety, conditions, and documents (vehicle and driver); • Ground-truthing of maps;

	<ul style="list-style-type: none"> • Verification of conservation areas and road conditions.
Field inspection – Fazenda Pereira (013), Block 05	<ul style="list-style-type: none"> • Inspection of manual planting and irrigation performed by contractors; • Inspection of occupational health and safety conditions; • Interview with workers; • Verification of safety signs on the site; • Inspection of living area: conditions of hygiene and comfort. Safety notices, risk map and other operating information; • Inspection of transport vehicles: conditions of comfort, hygiene and safety. • Verification of transport vehicle and driver documentation; • Ground-truthing of maps; • Verification of conservation areas and road conditions.
Field inspection – Fazenda Mendes União (021), Block 010	<ul style="list-style-type: none"> • Inspection in soil preparation activity: pre-emergent herbicide application, subsoiling, fertilization and trenching, performed by company staff. • Interview with workers on working conditions; • Verification of preventive maintenance and conditions of conservation of tractors and equipment; • Inspection of living area: conditions of hygiene, comfort and attendance of NR 31.23; • Verification of safety notices, risk map and other information on the operation; • Ground-truthing of maps; • Verification of conservation areas and road conditions.
Field inspection – Fazenda Turvinho V (033)	<ul style="list-style-type: none"> • Verification of road conditions and conservation / preservation areas; • Verification of forest stands: vigor, health, maintenance, productivity; • Ground-truthing of maps.
Field inspection – Fazenda São Miguel (245)	<ul style="list-style-type: none"> • Inspection of area to be included in the scope of the certificate; • Inspection of road maintenance activities carried out by company staff; • Verification of occupational conditions and their compliance with NR 31: Work safety and use of PPE; • Inspection of living area. • Interview with workers; • Ground-truthing of maps; • Verification of road and access conditions; • Verification of conditions of forest stands (health and vigor); • Verification of conservation of fragments of native vegetation and APPs. • Interview with local stakeholder.
Field inspection – Fazenda Gracifer (43).	<ul style="list-style-type: none"> • Ground-truthing of maps; • Verification of road and access conditions; • Verification of conditions of forest stands (health and vigor);

	<ul style="list-style-type: none"> • Verification of conservation of fragments of native vegetation and APPs.
Field inspection – Fazenda Nova América (22), High Conservation Value Area (HCVA)	<ul style="list-style-type: none"> • Inspection of HCVA; • Verification of conservation of fragments of native vegetation and APPs; • Ground-truthing of maps; • Verification of road and access conditions; • Verification of conditions of forest stands (health and vigor).
Field inspection – Fazenda São Roque (51)	<ul style="list-style-type: none"> • Vistoria na atividade de aplicação de herbicida mecanizada; • Verificação das condições de trabalho e sua conformidade com a NR 31: Segurança do trabalho e uso de EPIs; Procedimentos de acondicionamento de embalagens usadas dos produtos químicos; • Interview with workers; • Ground-truthing of maps; • Verification of road and access conditions; • Verification of conditions of forest stands (health and vigor); • Verification of conservation of fragments of native vegetation and APPs.
Field inspection – Fazendas Carretão I (236) and Carretão II (237) – New areas to be included in the scope of FSC FM certification in 2018.	<ul style="list-style-type: none"> • Inspection of area to be included in the scope; • Ground-truthing of maps; • Verification of road and access conditions; • Verification of conditions of forest stands (health and vigor); • Verification of conservation of fragments of native vegetation and APPs.
Date: 18/April/2018	
FMU / Location / sites visited	Activities / notes
FME office, Lençóis Paulista, SP	<ul style="list-style-type: none"> • Verification of the fulfillment of the conditions of the FSC derogation for the use of sulfluramide and deltamethrin; • Evaluation of the indicators of criterion 4.2, issues related to the work safety team; • Evaluation of criteria 6.6, 6.7, 10.1, 10.3, 10.4, 10.6, 10.7 and 10.8 with representatives of environment and forest research. • Verification of the HCVA identification study for new areas added in the scope of certification; • Verification of impact matrix and monitoring implemented; • Checking the documentation regarding the areas of PRADES verified in the field; • Interview with workers • Public consultation by phone with CETESB (Bauru, SP).
State Public Ministry, Lençóis Paulista, SP	<ul style="list-style-type: none"> • Public consultation.
Date: 19/April/2018	
FMU / Location / sites visited	Activities / notes
FME office, Lençóis Paulista, SP	<ul style="list-style-type: none"> • Verification of additional documentation; • Interview with workers.

	<ul style="list-style-type: none"> • Consolidation of observed information and confirmation of audit findings
	<ul style="list-style-type: none"> • Closing Meeting and Review of Findings: Meeting with all relevant company staff to summarize audit findings, potential nonconformities and next steps.

2.2 Evaluation of Management Systems

SCS deploys interdisciplinary teams with expertise in forestry, social sciences, natural resource economics, and other relevant fields to assess an FME's conformance to FSC standards and policies. Evaluation methods include document and record review, implementing sampling strategies to visit a broad number of forest cover and harvest prescription types, observation of implementation of management plans and policies in the field, and stakeholder analysis. When there is more than one team member, team members may review parts of the standards based on their background and expertise. On the final day of an evaluation, team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant field observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section and/or in observations.

3. Changes in Management Practices

☒ There were no significant changes in the management and/or harvesting methods that affect the FME's conformance to the FSC standards and policies.

☐ Significant changes occurred since the last evaluation that may affect the FME's conformance to FSC standards and policies (*describe*):

4. Results of the Evaluation

4.1 Existing Corrective Action Requests and Observations

Finding Number: 2017-01	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	2.1.1
Non-Conformity (or Background/ Justification in the case of Observations): Areas which are run under partnership are under the certification scope. The responsibility of every party is quoted in the partnership contract and the FME hold responsibility for maintaining all the preservation areas (PPAs and LRs). This clause demands the organization to be responsible for an area that it does not	

effectively control- i.e. the areas that are used exclusively by its owner AND that are under the certification scope.

Corrective Action Request(or Observation):

The partnership contracts and the preservation areas which are stated in them shall be revised. Based on this revision, a new database pertaining to the data that are under the certification scope shall be presented to assure that the organization controls all the areas that are effectively under the scope of its certificate.

FME response
(including any evidence submitted)

The attendance to this Required Corrective Action required the involvement of the Forestry Division technical area to evaluate the land use maps of the properties, object of a partnership with LWARCEL and the legal area, responsible for the recommendation of contractual adequacy.

For new contracts, an updated wording on the obligations discussed will be applied, with the following content: "**LWARCEL undertakes and undertakes to preserve the Legal Reserve and Permanent Preservation Areas in the areas of its operations and control, excluding all the others, especially those for the exclusive use of the owner, in accordance with the legislation and the standards defined by the competent environmental institutions, also observing the obligations of the granting parties regarding the compliance with the provisions of clause 13.3 The areas of responsibility of LWARCEL are indicated on the map attached to this contract.**"

In turn, existing contracts must have special treatment, aiming to give effectiveness of the correction measure. Given the impossibility of unilaterally changing the contract, given the legal-contractual risk that this movement presents (breach of contracts and indemnities), it is recommended to carry out the update by bilateral review, that is, with the consent of the partners in this new guideline. The bilateral review implies a modification of the current contract to incorporate, through the addition of a contract (or formal equivalent written instrument), the division of responsibilities in the protection of legal reserve areas and permanent preservation area. Consequently, it matters in the process of negotiation, proposal, discussion and acceptance of this modification. These should follow a review plan, with proposal of the FME to the partner for an addition of the contract. In case of acceptance, the appropriate instrument is signed and the revision (already performed of the scope) is incorporated into the contracts. In case of refusal, by legal recommendation, **the contracts must remain as they are until their expiration and renewal**. The model for adding this contract was incorporated into the Contract Management System for document control (as presented in Annexes 1a and 1b and Annex II to the auditors). From this system the contracts will be generated. The application of the revision to the contracts will be made as allowed by the contractual legislation, whose plan is as follows: in the first stage will be adjusted the contracts whose maturity is short-term (that is, until December 31, 2018) in the eventual renewal of the contract, adopting a new contracting model, updated according to the new guidelines and adjusted scopes. For current contracts, according to the land use assessment of all partnership contracts, it is recommended that contractual adequacy occurs according to the planning and presentation of the audit. There are 49 areas that require adequacy and that will be formalized, by adding a contract in the next 24 months, not to compromise or expose the contractual risk to the FME. The revision documents of the scope

	elaborated by the technical team of the FME's Forest Division, are adequate to attend the Corrective Action Required, according to maps presented.
SCS review	<p>The FME evidenced having carried out a review of land use and redistribution of responsibilities over the conservation areas (APP and RL) that are effectively and directly impacted by forest management and which would be affected by the activities of the owner. In a first step the FME identified that 57 farms with partnership contracts could undergo a contractual revision. Of these, 49 areas had their responsibilities over existing conservation areas redistributed to the company and owner. The other 10 farms were maintained with APP + RL areas under corporate responsibility because they were small (<5 ha). Thus, the responsibility for the areas of APP + RL that were 100% of the company (7,353.53 ha) was reduced to 4,622.77 ha, with their respective owners being responsible for 2,730.75 ha. This balance was demonstrated in a document entitled Annex III, which includes: Code and name of the Treasury; Municipality Headquarters; Date of expiration of the contract; Original Scope Areas (RL, APP and RL + APP); Revised Scope Areas (RL, APP and RL + APP) and Difference (original least revised).</p> <p>Along with the evidences of compliance with this Required Corrective Action, maps were presented with the RL and APP areas under the responsibility of the original FMEs and the revised ones of the 57 farms studied. The farms that maintained RL + APP values without change were: São Marcelo I (096); Saint Anthony II (101); Graminha I (114); Faveiro (136); Our Lady of Fatima (154); Nellore da Claudia (158); Gloria II (173) and Conception III (216). All 49 partnership contracts that underwent RL + APP responsibility change, for CAR service, had their values checked in a worksheet with the values presented in the maps and were considered consistent. It has also been found that the areas designated for APP and RL under the responsibility of the company are compatible with the area influence of their forest management. Likewise, the area of APP + RL defined as the owner's responsibility is compatible with the land use area intended for its agropastoral activities.</p> <p>In the Contract Management System (SGC), the section "Agricultural Partnership" is already prepared for the insertion of the term additive of each contract, considering the new delimitation of conservation areas under the responsibility of the company and the owner.</p> <p>The "Contract Amendment" model to refer to the sharing of responsibility between the company and the owner with the conservation areas (RL + APP) was also presented to comply with this RAC.</p> <p>Due to the complexity of obtaining the additions to the 49 contracts, since the process requires a series of steps such as the proposal presentation, negotiation, discussion and acceptance of this modification by the owner of the property, the FME has established a " of Partnership ". In this plan, the contract additions will take place in three stages: immediate, for the partnership contracts to mature until the end of December 2018 (06 contracts); contracts with maturities between February 2021 and March 2027 will be added between June 2018 and May 2019 (22 contracts), and contracts with maturities between April 2027 and August 2030 will be added between June 2019 and May 2020 (21 contracts). If the owner refuses to accept the term additive in the proposed schedule, the change can only occur upon renewal if it is in the interest of the two parties involved (owner and Lwarcel).</p> <p>The FME understands that the addition of all 49 partnership contracts in the next 24 months does not compromise or even expose the company to contractual risk.</p>

	<p>It should be noted that the new scope database should only be changed as the additions to the partnership contracts become effective. Therefore, in the 2018 audit, the database of these 49 farms remains unchanged.</p> <p>Given that it is impossible for the FME to change a unilaterally perfect legal act and, considering that the established Partnership Contract Amendment Plan is consistent with the difficulty of individual access to partner owners domiciled in other cities, states and even another country, the present Minor CAR 2017-01 must be kept open for another 12 months, with the new Minor CAR 2018-01 numbering, to follow up the progress of the schedule of execution of the additives programmed by the FME.</p>
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> Other decision (refer to description above)

Finding Number: 2017-02	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.2.1
Non-Conformity (or Background/ Justification in the case of Observations): It was observed that loose materials, such as bottles of water, garbage, cans, stretchers, benches from the living areas, and so on, are being carried in the bus that transports the cooperators. This situation may cause risks to their safety during the transport.	
Corrective Action Request (or Observation): The organization shall assure that its cooperators are transported in vehicles that provide both safety and welfare.	
FME response (including any evidence submitted)	Contractor officials were informed about the Required Corrective Action (establish compartments for the safe transportation of bottles, tools, PPE, supplies, etc.). This set deadlines for adequacy. Field inspections were carried out to evaluate service and as a measure to guarantee the safe transportation of workers, PF 030/33 - Internal Audit Service Fronts, which contains important actions for the safety and well-being of employees, was reviewed. the verification of conditions of the transport of materials inside the vehicles is contemplated.
SCS review	It was evidenced that PF 030/33 - Internal Audit Service Fronts (4th Review, dated 06/March/2018), contemplates the verification of conditions of the transportation of materials inside the vehicles, explaining the existence of "Compartment for carriages, tools, PPEs, supplies, etc. ". During the audit, the following workers' transportation vehicles were inspected: <ul style="list-style-type: none"> Fazenda Ipiranga (010), field 006, Manual Application of Herbicide, work done by EPS;

	<ul style="list-style-type: none"> Fazenda São Miguel (214), Maintenance of Roads, carried out by contractors; Fazenda Ipiranga (010), field 003, Total chemical weeding (mechanized application of herbicide with bar in eucalyptus sprout for reforestation), carried out by our own staff; Fazenda Pereira (013), field 005, Planting and Irrigation, performed by contractors. <p>In the foregoing work fronts, inspected workers' transportation vehicles had external compartments for the transportation of tools and supplies. The thermal water bottles and other materials (e.g., litter and first aid boxes) were attached or placed in specific compartments. There were no problems related to transport insecurity due to loose materials in transport.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)
Finding Number: 2017-03	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.2.14
Non-Conformity (or Background/ Justification in the case of Observations): <p>There is a system in place to manage occupational health and safety which encompasses planning, prevention, indicators, results and targets. The system is supported by the following programs: environmental risk prevention program, occupational health and safety medical control program & technical report on the environmental working conditions. However, some activities and duties were altered in the field and the document had not been duly updated. E.g. in the job order pertaining to the foreman of a third-party enterprise was verified that this cooperator is involved in the transportation of the personnel and this activity (driver) is not mentioned. The position <i>forestry watchman (observation tower)</i> was identified on the list of cooperators from a third-party enterprise; this position does not occur in the FMU.</p>	
Corrective Action Request (or Observation): <p>The paperwork pertaining to the occupational health and safety programs should be revised and updated to assure that the duties and activities that are implemented in the field match what is described in the paperwork.</p>	
FME response (including any evidence submitted)	<p>Based on the fact exposed in this observation, all those responsible for the contractors were informed about the irregularities found. A thorough review was requested, considering the activities carried out in the field and the descriptions of the functions in the PPRA, for later updating of the documents. The External SESTR also participated actively in the process of reviewing these documentation, as recommended in the programs they elaborate.</p>

	<p>However, in order to guarantee the effectiveness of the action taken, the items were again audited by a multidisciplinary team that can verify by the documentary sample analyzed that the inconsistencies identified in the FSC external audit were corrected.</p>
SCS review	<p>The FME evidenced having summoned 12 contractors (EPS) to a meeting of understanding of the Corrective Action to be carried out. At these meetings, EPS managers submitted the following documents for analysis:</p> <ol style="list-style-type: none"> 1. List of the employees who work in the Forest Management Unit - FMU: name, position, category and expiration of the CNH (driver and tractor driver); 2. Copy of the Registration Form for employees working in the Management Unit Forestry - FMU (Lwarcel Forest Division); 3. Job Description / Function of the employees who work in the FMU; 4. Service Order (O.S.) according to NR 1, duly signed by the employees that work in the FMU; 5. Certificates of the training received by the employees of each position / function that work in the FMU: 1st Aid - NR 31; Agrochemical - NR 31; Chainsaw Operator - NR 31; Load movement - NR 11 (munck); Flammable and combustible - NR 20 (fuel supply); Course collective transport - CONTRAN (bus driver / micro); Course MOPP - (train driver); Course transport indivisible loads - CONTRAN (driver transport of machines); 6. E. O. (objective evidence) of CETEN's last mechanical inspection of vehicles used for employee transportation, applicable to those who have Micro-buses / Buses; 7. Present a copy of the Maintenance Plan of the vehicles used to transport their employees to the work fronts in the FMU; 8. E. O. of the Tachograph Inspection "CHRONOTACOGRAPH" of tachograph vehicles - trucks, buses, minibuses; 9. Certificate of the Detran giving authorization of the vehicles (Micro-bus / Bus) for the transport of passengers; 10. E. O. of the driver's training of vehicles (Micro-buses / Buses) for passenger transportation, also present last defensive driving training conducted by the driver; 11. Present a copy of the CNH of the driver + copy of the training certificate of the passenger transportation training as required by Detran; 12. Copy of the Occupational Health Certificates (ASOs) of the employees that have the driver's function as cargo (Brazilian Classification of Occupational) and or those who carry passengers; 13. Copy of the Individual Protection Equipment (EPI) Delivery Forms of all the active employees working in the FMU for the last 3 years; 14. Copy of the Collective Agreement signed between Service Provider (32 Forest) and the Syndicate of the Category; 15. Present E.O. of CIPA or CIPATR meetings is taking place in your company (meeting attendance list). Presenting a Plan of Action with status of the progress of the actions set forth in the CIPA / CIPATR work schedule; 16. Submit a copy of the election and composition process of the CIPA or CIPATR, if the CIPA / CIPATR is not applicable, present the name of the nominated person, as provided for in the pertinent legislation. To present: <ul style="list-style-type: none"> • Certificate training for CIPA / CIPATR members • Certified training designated members 17. Submit a copy of the PPRA signed by the Company Officer;

	<p>18. Present E.O. of compliance with the Plan of Action, foreseen in the constant work schedule in the company's PPRA;</p> <p>19. Show payroll mirror work in the FMU (Lwarcel Forest Divide), only the employees who</p> <p>20. Present Annual Training Plan by function / employee and respective E.O. of the trainings that the employees received in the year 2017 and what will be accomplished in 2018;</p> <p>21. Present copy of the last ASO of each employee;</p> <p>22. Submit a copy of the PCMSO signed by the Head of the Company</p> <p>Records of six meetings with six EPSs were presented on 20 February 2008 and other meetings with six other EPSs on 21 February 2008, with the respective signatures of the participants. Each of the 12 meetings held lasted two hours, when the 22 requested documents were checked, among which were analyzed: Copy of the Registration Form of the employees who work in the Forest Management Unit - LFMU; Description of Position / Function of the employees who work in the FMU; Order of Service (O.S.) according to NR 1, duly signed by the employees who work in the FMU; copy of the PPRA signed by the Company Head; Objective Evidence of compliance with the Plan of Action, foreseen in the constant work schedule in the company's PPRA; mirror of the payroll of employees working at the LWARCEL's FMU; a copy of the PCMSO signed by the Head of the Company; Technical Report on Environmental Working Conditions (LTCAT) and Unsafe Hazard Report (LIP). At these meetings, the consistency between the submitted documents was analyzed, including the description of multiple activities in the respective (OS). In the field inspections, two employees of EPS with multiple functions were identified among the employees interviewed, namely:</p> <p>1. Agricultural Technician, also exercising the functions of driver / supplier of machinery - collaborator of EPS, and in this case, the documentation analyzed showed that:</p> <ul style="list-style-type: none"> • In the PPRA and OS on occupational safety and health (NR-1 General Provisions) for Agricultural Technician in the description of this function there is the prediction "They carry out the driving of vehicles in the transport of loads and people. They can carry out maintenance of first level and the supply of the vehicles with diesel oil "; • On 29/03/2018, the employee carried out the course "NR 20 - Safety and Health at Work with Flammable and Fuel - Basic" with a workload of 08 hours; • Both in PCMSO and ASO it is explicit that in the role of Agricultural Technician, the employee is exposed to Chemical risk of hydrocarbon derivatives (i.e., diesel, oils, greases and lubricants). Also, they recognize that they are exposed to Accident risk with the fuel supply. • In the salary payment waiver for March 2018, paid on April 6, 2018, indicates that this employee receives "Additional Hazardous (30%) - code 4910". <p>2. Fiscal / Leader and Driver - collaborator of EPS. In the analysis of documents it was identified that:</p> <ul style="list-style-type: none"> • ASO describes that the employee is in the position: Driver / Fiscal. In the PCMSO, as in the ASO, it is stated that the employee as a leader is exposed to chemical hazards (referred to as several Agrochemicals used in the FMU). Periodic exams prescribe Visual Acuity (driver) and preventive exams on exposure to chemicals
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	<p>such as cholinesterase, alkaline phosphatase, TGO and TGP (team leader in forestry).</p> <ul style="list-style-type: none"> • As a Driver, the employee showed that he / she has CNH Category D, valid until 01/16/2021, with an annotation that "Exercise Paid Employees / Collective Transport of Passengers"; • As Leader, it was evidenced that he participated in Safety Training in the Application of Agrochemicals - NR - 31, from 18 to 22 / Dec / 2018, with a 20 - hour workload, with the programmatic content, according to NR - 31 (Item 31.8.8.1); • In the interview (as Leader) he was using all the PPE required in the PPRA for the application of agrochemicals: Arab caps; visor; apron, waterproof jacket and pants; boots and pvc gloves and respirator. <p>Thus, the evidence presented by the FME and those collected during the audit demonstrate that OBS 2017-03 was met.</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2017-04	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.4.1
Non-Conformity (or Background/ Justification in the case of Observations): An updated list of the stakeholders who are affected by the forest management activities has been made available. However, it was detected that a neighboring communities which lies next to the farm know as Padre Bento and the neighbor are not included on the list. Nonetheless, it was noted that the FME has duly identified this stakeholder and that the staff from the operational department makes contact and dialogue with the neighbor who is impacted.	
Corrective Action Request (or Observation): The system that is employed to updated the list of stakeholders should be revised to assure that is encompasses all the neighbors who are affected by the forest management activities.	
FME response (including any evidence submitted)	LWARCEL reviewed the system for updating the list of affected parties, as can be seen in PF042/33 - <i>Minimizing and/or Mitigating Social Impacts During Forest Operations</i> . According to the document, all affected parties consulted or who contact the company through existing communication tools and/or channels (item 4 of PF042/33), should be registered in the <i>List of Stakeholders Affected by Forest Management of LWARCEL</i> (item 6 of PF042/33) by the Research and Development Area. The review of the system also provides that, at the time of the Operational

	Dialogue, the LWARCEL manager should try to contact the property's owner until it is found.
SCS review	<p>The FME presented the revision of the procedure <i>PF042/33 - Minimization and / or Mitigation of Social Impacts During Forest Operations</i> (6th version, dated March 09, 2018). It also presented an updated list of affected stakeholders, which contained data and community information from different communication channels in the company, as described in procedure PF042/43.</p> <p>In addition, during the audit it was verified that the resident of a neighboring property of Fazenda São Miguel was on the list of affected and interested parties of the FME. Similarly, some people interviewed in the public audit consultations were on the updated list (<i>LWARCEL's List of Stakeholders Affected by Forest Management</i>).</p>
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2017-05	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.4.3
Non-Conformity (or Background/ Justification in the case of Observations): <p>The social positive and negative impacts caused by the forest management operations have been duly identified and evaluated. Additionally, these impacts are registered in a specific matrix. On the other hand, it was observed that some real and effective operational impacts were not identified. Consequently, they are neither listed in the matrix nor addressed accordingly (minimized or attenuated). Potential impacts were observed in a neighboring area that is nested in the farm named Padre Bento, such as risks pertaining to the application of chemical products for domestic animals, risk of trees felling, risk of wild animals trampling, and so on.</p>	
Corrective Action Request (or Observation): <p>A socio-economical impact evaluation shall be held and the impacts caused by the forest management activities shall be identified in a participative manner which shall involve stakeholders. This evaluation shall be proportional to the scale and intensity of the operations, as per FSC P&C.</p>	
FME response <i>(including any evidence submitted)</i>	<p>Lwarcel's socioeconomic impact assessment is based on a continuous process, carried out through the application of communication tools with the people of the communities affected by the management, such as: Socioeconomic Characterization of Affected Communities, Operational Dialogue, Operational Dialogue Monitoring, Direct contact, 0800 (SAC), Contact us (email) and Emergency telephone number. These tools are responsible for guaranteeing the participatory process of affected parties and are detailed in item 4 of <i>PF042-33 - Minimization</i></p>

	<i>and / or Mitigation of Social Impacts During Forest Operations.</i> Each year, the Research and Development team analyzes the information recorded by such tools and coordinates the critical analysis meeting to discuss the results and identify new potential impacts associated with forest management activities. At this meeting, the employees who work directly in the field and the coordinators, who act in the management of the areas, are summoned. As a result of this meeting and critical analysis regarding the information gathered during the year 2017, three new negative impacts were considered, being: trampling of domestic animals caused by the traffic of machines, vehicles or trucks in the properties currencies; accidents with domestic animals caused by falling trees; risks to domestic animals caused by the application of chemicals. These impacts demanded revision of the Matrix of Social Aspects and Impacts, including the respective mitigating measures, as described in item 3 of <i>PF042-33 - Minimization and/or Mitigation of Social Impacts during forest operations.</i>
SCS review	The FME presented a presence list, dated 02/26/2018, in which a critical analysis of Social Management for the year 2017 was carried out, covering the following themes: 2017 requests and complaints results, social impact matrix, indicators socioeconomic and changes to 2018. The FME also presented the list containing the requests and complaints used at the meeting as a tool for critical analysis and review of the matrix of social impacts. In addition, the company presented in item 3 of document <i>PF042-33 - Minimization and / or Mitigation of Social Impacts during forestry operations</i> , the revised Matrix of Social Aspects and Impacts. Potential impacts were included in this matrix, such as risks of applying chemical products for domestic animals, risks of falling trees, risk of being run over by animals, among others, not previously contemplated, as well as their respective mitigating measures.
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2017-06	
Select one: <input type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input checked="" type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next audit(surveillance or re-evaluation) <input checked="" type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	4.4.5
Non-Conformity (or Background/ Justification in the case of Observations): Suggestion boxes and direct contact has been adopted for communication with the cooperators who work for the third-party enterprises (contractors). For communication with the FME direct personnel (field, administration & management), in turn, there are channels available, such as intranet, email, direct contact with the staff from the human resources department and a more robust tool named <i>conduct code</i> . The	

<p>personnel from the human resources department reported that the conduct code enables communication and that confidentiality is respected if the people desire. However, it was detected that the cooperators do not know how it works. The system/methodology that is employed to address the issues is unknown and/or unclear. The recently –admitted cooperators receive information about this tool during their integration; however, there are no systematic campaigns to disseminate it. Additionally, to make a comment, complaint or denunciation, a formulary is employed to describe the issue manually. These aspects of the tool may undermine the confidentiality and inhibit or discourage the people’s participation.</p>	
<p>Corrective Action Request(or Observation):</p> <p>The methodology and the dissemination of the so-called “conduct code” should be revised to provide safety along the process, encourage to people to use it and assure that it becomes an effective communication tool.</p>	
<p>FME response (including any evidence submitted)</p>	<p>In order to comply with this observation, a Committee was created, composed of managers from different areas of the Lwart Group, to evaluate and review the current Code of Conduct.</p> <p>Aiming at the confidentiality of the people who use it, it was suggested to implement a channel external to the company and for this, a company that owns a website and channel 0800 was hired to receive requests for clarifications and denunciations.</p> <p>To improve the dissemination of the tool, another company was hired to develop training and awareness workshops for managers, managers, coordinators and supervisors to prepare them to take the matter to their respective teams. It was also developed, a system to disseminate the Code of Conduct, encouraging people to use the tool, reinforcing the guarantee of confidentiality, through bulletin boards, folders on buses of transport employees, in the magazine Here Between Us and in the blog of company.</p> <p>The restructuring of the Code of Conduct is approved by the Board of Executive Officers, however, it was decided to carry out its implementation only after the definition of the new Lwart member, which should occur in the first half of 2018.</p>
<p>SCS review</p>	<p>During the audit the following actions developed by the FME were observed in response to this observation:</p> <ol style="list-style-type: none"> 1. A project to improve the current Code of Conduct was drawn up with the following actions: <ul style="list-style-type: none"> • Creation of a Standing Committee of Conduct, composed of managers from different areas of the Lwart Group; • Establishment of a Standing Committee on Conduct Regulation; • Review of the content of the Code of Conduct, making the expected behavior of people more clearly aligned with the values of the Lwart Group; • Approval, after restructuring, of the new Code of Conduct by the Company's Board of Directors. 2. The methodology for the operation of the Code of Conduct has been revised, and a channel external to the company is being implemented, guaranteeing full confidentiality of the people who access it. Therefore: <ul style="list-style-type: none"> • An outside company has been hired, and receives denunciations or requests for clarification on its website or on a 0800 channel; • Another company was contracted to develop, based on the new Code of Conduct, teaching material for training and awareness-raising workshops for directors, managers, coordinators and supervisors, in person, to prepare them to bring information to their teams;

	<ul style="list-style-type: none"> Also developed the content of distance training, which will be placed on the Corporate Education Platform of the Lwart Group, "Grow Together". This material in the platform allows for a more frequent recycling. <p>3. There has been regular dissemination encouraging people to use the Code of Conduct, making clear the total confidentiality. This disclosure, evidenced in the audit, has been done through notice boards, folders on the transport buses of employees, in the restaurant, Cá Entre Nós Magazine and the company blog. During the audit, the training was already in the phase of reaching out to the multipliers who are expected to disseminate the new code of conduct and communication channels to around 1000 own and third-party employees of the Lwart group. However, with the possible entry of a new member in the first half of 2018, this phase was paralyzed. Thus, the FME awaits the entry of the new member to identify if it has a Code of Conduct and to check which one will be, or more likely, whether there will be a need for adjustments to the newly established code.</p> <p>In this way, the FME established a tentative timetable for starting the new partner to implement the new Code of Conduct project in the training phases of the multipliers and multiplying them to approximately 1000 own and third-party employees of the Lwart Group. The planned steps are:</p> <ol style="list-style-type: none"> 1- Introduce to the new partner the proposed Lwarcel Code of Conduct; 2- Approval of the Code of Conduct or amendment with new proposal partner; 3- Produce Material Disclosure Campaign for all audiences; 4- Hire external service channel; 5- Develop Training Programs on the subject; 6- Implementation. <p>Step 1 is scheduled to start three months after the new partner is defined (August 2018) and step 6 is due to close at the end of March / 2019. Thus, OBS 2017-06 will remain open, with the new numbering 2018-02 , to allow the monitoring of the implementation of this process.</p>
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input checked="" type="checkbox"/> Other decision (refer to description above)

4.2 New Corrective Action Requests and Observations

Finding Number: 2018-01	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	2.1.1
Non-Conformity (or Background/ Justification in the case of Observations):	

Minor CAR 2017-01 was maintained open: *"Areas which are run under partnership are under the certification scope. The responsibility of every party is quoted in the partnership contract and the FME hold responsibility for maintaining all the preservation areas (PPAs and LRs). This clause demands the organization to be responsible for an area that it does not effectively control- i.e. the areas that are used exclusively by its owner AND that are under the certification scope."*

In the 2018 audit, it was verified that the FME reviewed all areas of partnerships and concluded that 49 contracts should be added to redefine the conservation areas (APP and RL) that would be the responsibility of the property owner.

Considering that any contract to receive the addition should occur with the consent of the property owner, the FME plans to carry out a process of revision of the 49 partnership contracts, involving the stages: proposal presentation, negotiation, discussion and acceptance of the new clause contractual.

To carry out this task, the company has established a "Partnership Contract Amendment Plan" that will last until May 2020, when all 49 agricultural partnership contracts for eucalyptus plantations should be added. Given that it is impossible for FME to amend **a unilaterally perfect legal act**, and considering that the established Partnership Contract Addendum is consistent with the difficulty of individual access to partner owners domiciled in other cities, states and even another country, the present Minor CAR 2017-01 must be kept open for another 12 months, with the new Minor CAR 2018-01 numbering, to follow the progress of the schedule of the additions programmed by the FME.

Corrective Action Request (or Observation):

The FME shall review the partnership contracts, the conservation areas of these contracts, included in the scope of certification and present the new scope database, so that the company has control over all areas present in the scope of the certificate.

FME response
(including any evidence submitted)

SCS review

Status of CAR:

- ☐ Closed
☐ Upgraded to Major
☐ Other decision (refer to description above)

Finding Number: 2018-02

Select one: ☐ Major CAR ☐ Minor CAR ☒ Observation

FMU CAR/OBS issued to (when more than one FMU):

Deadline

- ☐ Pre-condition to certification/recertification
☐ 3 months from Issuance of Final Report
☐ 12 months or next audit (surveillance or re-evaluation)
☒ Observation – response is optional
☐ Other deadline (specify):

FSC Indicator:

4.4.5

Non-Conformity (or Background/ Justification in the case of Observations):

OBS 2017-06 maintained open: *"Suggestion boxes and direct contact has been adopted for communication with the cooperators who work for the third-party enterprises (contractors). For communication with the FME direct personnel (field, administration & management), in turn, there are channels available, such as intranet, email, direct contact with the staff from the human resources department and a more robust tool named conduct code. The personnel from the human resources department reported that the conduct code*

enables communication and that confidentiality is respected if the people desire. However, it was detected that the cooperators do not know how it works. The system/methodology that is employed to address the issues is unknown and/or unclear. The recently –admitted cooperators receive information about this tool during their integration; however, there are no systematic campaigns to disseminate it. Additionally, to make a comment, complaint or denunciation, a formulary is employed to describe the issue manually. These aspects of the tool may undermine the confidentiality and inhibit or discourage the people's participation."

In 2018 the company presented the following evidences for the fulfillment of this Observation:

- Opening of a project for the revision of the Code of Conduct that is already approved by the board of the Lwart Group;
- Implementing a 0800 channel, available to receive all denunciations and/or clarification requests. An outside company has been contracted, which receives and receives denunciations or requests for clarification on its website;
- Training and awareness workshops for directors, managers, coordinators and supervisors, in person, on the new Code of Conduct, to prepare them to bring information to their teams;
- Developed distance learning content, which will be placed on the Lwart Group's Corporate Education Platform, "Grow Together";
- Periodic publicity encouraging people to use the Code of Conduct, making clear the total confidentiality;

In the audit, the training was already in the phase of reaching the multipliers who are expected to disseminate the new code of conduct and communication channels to around 1000 own and third-party employees of the Lwart group. However, with the possible entry of a new member in the first half of 2018, this phase was paralyzed. Thus, the FME awaits the entry of the new member to identify if it has a Code of Conduct and to check which one will be, or more likely, whether there will be a need for adjustments to the newly established code.

Thus, the FME established a timetable for starting the new member to implement the new Code of Conduct project, in the training phases of the multipliers, and multiplying them to approximately 1,000 own and third-party employees of the Lwart Group. The plan includes six steps, with the first scheduled to start three months after the new partner is defined (August 2018) and the 6th implementation stage is expected to close at the end of March 2019. Thus, OBS 2017-06 will remain open, to allow the monitoring of the implementation of this process of communication and implementation of a new Code of Conduct in the FME.

Corrective Action Request (or Observation):

The FME should review the methodology for the operation and dissemination of the "Code of Conduct" communication tool to provide security in the process and thus encourage employees to use it, making it an effective communication tool.

FME response <i>(including any evidence submitted)</i>	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018-03	
Select one: <input type="checkbox"/> Major CAR <input checked="" type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input type="checkbox"/> 3 months from Issuance of Final Report <input checked="" type="checkbox"/> 12 months or next audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	6.6.2
Non-Conformity (or Background/ Justification in the case of Observations): In the inspection of the input storage area in the Forestry Division, it was evidenced that the storage conditions of the chemicals comply with the Standards established in NR 31.8.18 and the FME procedure entitled PF 016/33 "Chemicals Management", including the orientation of maintain the disposal of the Material Safety Data Sheet (MSDS). However, in a check of seven stored product records, five MSDSs were outdated.	
Corrective Action Request (or Observation): The organization shall design and implement procedures for the handling and storage of pesticides and the like to ensure the update of the Material Safety Data Sheet (MSDS) to minimize risks to health and the environment.	
FME response (including any evidence submitted)	
SCS review	
Status of CAR:	<input type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

Finding Number: 2018-04	
Select one: <input checked="" type="checkbox"/> Major CAR <input type="checkbox"/> Minor CAR <input type="checkbox"/> Observation	
FMU CAR/OBS issued to (when more than one FMU):	
Deadline	<input type="checkbox"/> Pre-condition to certification/recertification <input checked="" type="checkbox"/> 3 months from Issuance of Final Report <input type="checkbox"/> 12 months or next audit (surveillance or re-evaluation) <input type="checkbox"/> Observation – response is optional <input type="checkbox"/> Other deadline (specify):
FSC Indicator:	FSC-STD-50-001, V2-0, 1.5, 1.4 and 1.3
Non-Conformity (or Background/ Justification in the case of Observations): The FME's public consultation document for High Conservation Value (HCV) areas, available for download from the company website, includes the FSC trademark without evidence of approval by the Certifier (1.5). In addition, in this document, FSC® (Forest Stewardship Council®) trademarks are used without the use of the "®" superscript (®) symbol and the license code is not contained in the document, characterizing misuse (1.4 and 1.3, respectively).	
Corrective Action Request (or Observation):	

The organization shall have a trademark management system (as per Annex A of FSC-STD-50-001 v2-0) or forward all uses of the intended FSC trademarks to its certifier for approval. It shall also develop tools to ensure the correct use of FSC trademarks.	
FME response (including any evidence submitted)	For this Corrective Action Request, immediately following the identification of the incorrect use of the FSC® trademark, the company made the necessary adjustments to the documents, including the request for approval of its use from the Certifier. To guarantee correct use, "PF084/33 - Procedure for use and issuance of the FSC trademark" was elaborated and the training for the possible users of the trademark was conducted according to the attendance list presented. Through the actions presented, Lwarcel understands that the correct use of the FSC trademarks is guaranteed, considering the Corrective Action Request.
SCS review	To address the Major CAR, the FME presented the following documents: I) Approval of use of the FSC logo in the document of Public Consultation HCVA. Case Number 228083, approved on April 25, 2018 on the SCS platform. This approval covers the use of the term FSC in the public consultation on Areas of High Conservation Value. Therefore, Lwarcel Celulose demonstrates that it has obtained the approval of use of the FSC logos by the Certifier (1.5); in the HCVA Public Consultation document, the use of the logos is correct with the symbol ® in superscript followed by the license code (FSC-C007879), characterizing the correct use (1.4 and 1.3, respectively). II) The Forest Procedure "PF 084-33 - Procedure for Use and Issuance of the FSC Trademark" aims to establish criteria for the correct use of FSC® trademarks, ensuring compliance with applicable requirements of standard FSC-STD-50-001, V2-0. Therefore, Lwarcel Celulose presents a procedure to ensure the use of trademarks in accordance with FSC rules. III) Training conducted on "PF084/33 - Procedure for use and issuance of the FSC trademark", on 09/Jan/2019, administered by the Research and Development Coordinator, which had the participation of 17 employees according to the attendance list. By analyzing the documents submitted, Lwarcel Celulose has demonstrated that it has implemented a system to ensure that trademark use is in accordance with FSC-STD-50-001, v2-0. The FME trained the employees directly involved: Manager, Harvest and Transport Coordinators, Forestry, Communication, Research & Development, Planning & Control, and Commercial Area. Finally, it complied with FSC-STD-50-001, v2-0 in that the use of trademarks and logos was authorized by the certifier (1.5), correct (1.4), and accompanied with the license code (1.3).
Status of CAR:	<input checked="" type="checkbox"/> Closed <input type="checkbox"/> Upgraded to Major <input type="checkbox"/> Other decision (refer to description above)

5. Stakeholder Comments

In accordance with SCS protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. Distinct purposes of such consultation include:

- To solicit input from affected parties as to the strengths and weaknesses of the FME's management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.
- To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

5.1 Stakeholder Groups Consulted

Principal stakeholder groups are identified based upon results from past evaluations, lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources (e.g., chair of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders in this evaluation:

Management and staff of the FME
Forestry consultants
Contractors
Adjacent landowners
Government Agencies
Federal, State and municipal agencies
Regional and local social interest organizations
Regional and local environmental and conservation organizations
Personnel from local, state and federal regulatory agencies

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used.

5.2 Summary of Stakeholder Comments and Responses from the Team, Where Applicable

The table below summarizes the major comments received from stakeholders and the assessment team's response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

<input checked="" type="checkbox"/> FME has not received any stakeholder comments from interested parties as a result of stakeholder outreach activities during this annual audit.	
Stakeholder comments	SCS Response
Economic concerns	
No one.	
Social concerns	
No one.	
Environmental concerns	
No one.	

6. Certification Decision

The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship Council standards. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME's response to any open CARs.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: The FME demonstrates an integrated and robust forest management system, with environmental and social impact assessment, and monitoring of indicators to verify the effectiveness of the mitigating measures employed. All forest production processes are organized and standardized in procedures, work instructions and manuals. The SGI counts on the intense participation of the management team and the commitment of the employees with the operational results, including the FSC certification process. All employees who participated in the audit demonstrated knowledge, safety and promptness in the presentation of evidence of attendance to the audited P&C indicators. The studies developed by the environmental area are well planned and the evaluation of impacts and mitigation measures are well conducted, with emphasis on the works Recovery of Degraded Areas.	

7. Changes in Certification Scope

Any changes in the scope of the certification since the previous audit are highlighted in **yellow** in the tables below.

Name and Contact Information

Organization name	Lwarcel Celulose Ltda.		
Contact person	Ariel Evandro Fossa		
Address	Rodovia Marechal Rondon, km 303,5 - Caixa Postal 441, Lençóis Paulista, São Paulo, BRASIL - 18682-970	Telephone	(14) 3269-5100
		Fax	-
		e-mail	afossa@lwarcel.com.br
		Website	www.lwarcel.com.br

FSC Sales Information

<input checked="" type="checkbox"/> FSC Sales contact information same as above.			
FSC salesperson			
Address		Telephone	
		Fax	
		e-mail	
		Website	

Scope of Certificate

Certificate Type	<input checked="" type="checkbox"/> Single FMU	<input type="checkbox"/> Multiple FMU
	<input type="checkbox"/> Group	
SLIMF (if applicable)	<input type="checkbox"/> Small SLIMF certificate	<input type="checkbox"/> Low intensity SLIMF certificate
	<input type="checkbox"/> Group SLIMF certificate	

# Group Members (if applicable)	N/A		
Number of FMUs in scope of certificate	1		
Geographic location of non-SLIMF FMU(s)	Latitude & Longitude: 22°34'15,75" S and 48°49'14,45" W		
Forest zone	<input type="checkbox"/> Boreal	<input type="checkbox"/> Temperate	
	<input type="checkbox"/> Subtropical	<input checked="" type="checkbox"/> Tropical	
Total forest area in scope of certificate which is:		Units: <input checked="" type="checkbox"/> ha or <input type="checkbox"/> ac	
privately managed	88,667.82		
state managed	-		
community managed	-		
Number of FMUs in scope that are:			
less than 100 ha in area	0	100 - 1000 ha in area	0
1000 - 10 000 ha in area	0	more than 10 000 ha in area	1
Total forest area in scope of certificate which is included in FMUs that:		Units: <input checked="" type="checkbox"/> ha or <input type="checkbox"/> ac	
are less than 100 ha in area	-		
are between 100 ha and 1000 ha in area	-		
are between 1000 ha and 10000 ha in area	-		
are more than 10000 ha in area	88,667.82		
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	N/A		
Division of FMUs into manageable units:			
The units of manageable areas of the FMU are the farms ("fazendas"). These, in turn, are divided into projects and fields where each type of operation occurs at a given time.			

Production Forests

Timber Forest Products	Units: <input checked="" type="checkbox"/> ha or <input type="checkbox"/> ac
Total area of production forest (i.e. forest from which timber may be harvested)	51,553.18
Area of production forest classified as 'plantation'	51,553.18
Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems	0
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems	0
Silvicultural system(s)	Area under type of management
Even-aged management	51,553.18
Clearcut (clearcut size range)	3,000.00
Shelterwood	0
Other:	0
Uneven-aged management	-
Individual tree selection	
Group selection	

Other:	
<input checked="" type="checkbox"/> Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)	11,199.26
The sustainable rate of harvest (usually Annual Allowable Harvest or AAH where available) of commercial timber (m3 of round wood)	1,389,000 m ³ (with bark)
Non-timber Forest Products (NTFPs)	
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	0
Other areas managed for NTFPs or services	0
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	0
Explanation of the assumptions and reference to the data source upon which AAH and NTFP harvest rates estimates are based:	
Harvest estimates are based on continuous forest inventory data from the company.	
Species in scope of joint FM/COC certificate: (Scientific / Latin Name and Common / Trade Name)	
Eucalyptus - <i>Eucalyptus grandis</i> , <i>E. urophylla</i> and hybrids of <i>E. grandis</i> x <i>E. urophylla</i> .	

FSC Product Classification

Timber products		
Product Level 1	Product Level 2	Species
W1 Rough wood	W1.1 Roundwood (logs)	All
Non-Timber Forest Products		
Product Level 1	Product Level 2	Product Level 3 and Species
N/A		

Conservation Areas

Total area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives:	24,638.1 ha		
High Conservation Value Forest / Areas			
High Conservation Values present and respective areas:			
Units: <input checked="" type="checkbox"/> ha or <input type="checkbox"/> ac			
Code	HCV Type	Description & Location	Area
HCV1	Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).	It is the largest fragment of the Semi-deciduous Seasonal Forest of the region, located in Fazenda Nova América, Cabrália Paulista, SP.	117.74
HCV2	Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.	It is a continuous ecotone fragment of the Semi-deciduous and Cerrado Seasonal Forest, located at Fazenda Rio Verde, in the municipality of Bauru, SP.	190.40

HCV3	Forests or areas that are in or contain rare, threatened or endangered ecosystems.		
HCV4	Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		
HCV5	Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		
HCV6	Forests or areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		
Total Area of forest classified as 'High Conservation Value Forest / Area'			308.14

List of farms in the scope of certification

Code	Farm	Planted area (ha)	Conservation area (ha)	Infrastructure and other uses (ha)	Total Áreal (ha)
1	MAMEDINA	1371.12	325.74	91.17	1788.03
2	UNIÃO	738.72	140.51	35.71	914.94
3	SÃO LUIZ	191.82	44.08	11.88	247.78
4	SANTA RITAF	157.23	66.04	21.14	244.41
5	LIMEIRA	1301.45	235.71	76.73	1613.89
6	CORVO BRANCO	91.98	40.39	144.08	276.45
7	IPIRANGA	426.17	272.42	25.63	724.22
8	RECREIO	574.45	118.78	54.20	747.43
9	TURVINHO I	773.49	315.06	48.94	1137.49
10	PEREIRA	178.46	54.29	9.74	242.49
11	TURVINHO II	862.86	183.72	58.57	1105.15
12	SELVA	970.84	201.94	58.22	1231.00
13	BOA VISTA I	419.71	40.15	26.39	486.25
14	BOM RETIRO I	214.33	84.81	14.38	313.52
15	TAPERA QUEIMADA	484.87	177.65	26.42	688.94
16	SANTA FILOMENA	39.21	63.66	3.30	106.17
17	MENDES-UNIÃO	141.92	70.55	9.35	221.82
18	ÁGUA DO CABOCLO	55.01	25.82	4.69	85.52
19	CAPIVARA II	82.12	33.69	3.94	119.75
20	TURVINHO IV	140.18	83.57	20.95	244.70
21	TURVINHO III	462.62	55.39	26.34	544.35
22	NOVA AMÉRICA	1078.11	403.03	61.70	1542.84
23	SOSSEGO I	182.50	116.29	13.46	312.25
24	SOSSEGO II	376.18	118.48	16.97	511.63
25	SANTA IZABEL	686.44	162.61	38.71	887.76
26	BOM RETIRO II	55.76	26.09	5.24	87.09
27	LAGOA RICA	1041.43	76.92	42.41	1160.76
28	GLEBA B	2.89	0.00	12.07	14.96

29	GLOBO	507.00	202.96	25.02	734.98
30	ÁGUA DO PELINTRA	138.09	7.94	12.08	158.11
31	RONDON	65.11	2.14	5.41	72.66
32	BELA MANHÃ	111.70	98.04	6.33	216.07
33	TURVINHO V	335.39	149.45	14.48	499.32
34	BOA VISTA II	371.96	139.15	42.50	553.61
35	JATOBÁ II	86.59	33.96	10.87	131.42
36	PAINEIRAS	107.89	122.43	7.52	237.84
37	NOIVA DA COLINA	431.59	184.48	20.65	636.72
38	ÁGUA DA TAPERA	39.58	10.56	4.82	54.96
39	GRAMADO	80.43	23.50	10.64	114.57
40	ALAMBARI	442.27	114.64	15.15	572.06
41	YPÊ	18.58	2.62	2.97	24.17
42	SÃO JOÃO DO VEADINHO	237.63	64.76	19.57	321.96
43	GRACIFER	715.34	209.74	56.95	982.03
44	BELA VISTA II	187.24	69.12	15.77	272.13
45	REGINA	289.07	133.33	20.52	442.92
46	SANTA RITA II	132.13	464.55	12.98	609.66
47	CAMPOS VERDES	628.93	107.74	31.57	768.24
48	PALMITAL	169.30	368.25	688.69	1226.24
49	AGAÚ I	232.55	179.99	54.38	466.92
50	SANTA CRUZ	80.17	68.89	6.12	155.18
51	SÃO ROQUE	89.29	59.29	5.81	154.39
52	LUNARDELLI I	385.19	451.26	81.23	917.68
53	PARAISO	57.82	31.96	6.40	96.18
54	CABREÚVA	701.98	512.09	314.89	1528.96
55	ÁGUA BRANCA	71.08	573.13	95.73	739.94
56	SÃO JOSÉ	56.41	16.94	6.03	79.38
57	LONGEVITA	25.97	19.67	20.04	65.68
58	SANTO ANTONIO	43.77	600.95	655.35	1300.07
59	VENTANIA	125.89	36.93	26.46	189.28
60	LUNARDELLI II	119.18	0.00	0.00	119.18
61	SANTA MARIA II	319.90	148.81	16.96	485.67
62	SÃO SEBASTIÃO II	77.84	15.97	5.21	99.02
63	SÃO SEBASTIÃO I	63.42	21.76	11.02	96.20
64	RAINHA DA PAZ I	25.38	7.54	8.62	41.54
65	RAINHA DA PAZ II	41.32	7.24	2.96	51.52
66	SANTA LUZIA	46.88	5.31	2.83	55.02
67	SÃO JOÃO	113.87	287.42	73.04	474.33
68	SÃO BENEDITO	32.85	66.44	61.32	160.61
69	SÃO JOSÉ II	55.40	44.24	4.54	104.18
70	MATÃO	41.88	17.01	4.16	63.05
71	SANTA ADELAIDE	53.10	16.78	5.64	75.52
72	SANTA ESTHER	811.77	251.50	53.14	1116.41

73	AGAÚ II	38.06	0.00	2.02	40.08
74	NOVA FLORESTA	327.68	93.26	14.74	435.68
75	MONTE BELO	43.53	28.69	25.43	97.65
76	SÃO LUIZ II	91.07	58.52	27.23	176.82
77	REMANSO I	100.93	9.81	4.53	115.27
78	PETRÓPOLIS	43.08	8.28	6.25	57.61
79	NOVA CONCÓRDIA	325.44	149.61	20.30	495.35
80	FORQUILHA I	398.85	107.77	41.63	548.25
81	FORQUILHA II	123.68	64.88	8.50	197.06
82	SÃO JOÃO II	302.14	200.75	104.27	607.16
83	ARIZONA	144.90	38.48	46.39	229.77
84	NOVA ARIZONA	144.94	23.26	55.58	223.78
85	LAMBARI	189.06	59.12	12.91	261.09
86	SANTO INÁCIO	639.70	391.50	79.32	1110.52
87	SÃO MARCELO	208.72	128.72	20.71	358.15
88	SÃO JORGE	55.93	23.13	5.94	85.00
89	DOS ANGICOS	29.40	11.16	2.18	42.74
90	SANTO ANTÔNIO II	78.61	68.99	59.62	207.22
91	PROMISSÃO	170.73	78.65	36.71	286.09
92	SANTA ELIZA	551.86	181.04	42.14	775.04
93	SALTINHO	151.47	74.85	36.15	262.47
94	SÃO LÁZARO I	32.70	37.26	80.26	150.22
95	VERA	60.32	84.16	66.09	210.57
96	PROGRESSO	243.72	105.87	27.54	377.13
97	RECANTO TRANQUILO	32.13	2.94	2.12	37.19
98	LAGOINHA	66.15	11.65	41.04	118.84
99	ÁGUA DA PEDRA	114.89	48.85	387.58	551.32
100	ÁGUA PARADA	74.86	56.06	50.16	181.08
101	GRAMINHA I	47.62	4.98	4.98	57.58
102	SHANGRILÁ	511.11	341.41	358.52	1211.04
103	GRAMINHA II	65.57	69.81	110.68	246.06
104	QUILOMBO I	66.44	28.09	4.29	98.82
105	QUILOMBO II	152.13	71.79	54.38	278.30
106	BOA ESPERANÇA I	84.74	54.97	27.49	167.20
107	BOA SORTE	48.41	11.12	34.15	93.68
108	REMANSO II	56.85	1.67	3.90	62.42
109	SÃO LÁZARO II	8.14	0.00	1.19	9.33
110	SÃO BENTO	539.21	162.70	61.21	763.12
111	ESTIVA	406.35	127.01	130.07	663.43
112	SANTO ANTÔNIO III	129.34	19.65	45.84	194.83
113	ESTIVA III	234.74	130.66	244.88	610.28
114	SANTA ROSA	537.85	169.86	32.47	740.18
115	SÃO GERALDO	8.77	15.25	7.75	31.77
116	SANTA HELENA	103.39	50.47	15.31	169.17

117	PARAÍSO II	107.83	19.27	16.72	143.82
118	NOVO RETIRO	94.44	47.70	35.80	177.94
119	RETIRO	68.62	18.44	4.38	91.44
120	FAVEIRO	125.24	27.04	10.99	163.27
121	BARRA GRANDE	231.42	40.95	38.94	311.31
122	PINHALZINHO	70.07	81.25	23.28	174.60
123	BOA ESPERANÇA II	248.23	33.61	23.15	304.99
124	CAMAPUÃ	244.19	200.84	272.58	717.61
125	LUPA	29.34	52.78	174.22	256.34
126	CACHOEIRINHA	21.41	7.03	2.65	31.09
127	RAINHA DA PAZ III	33.32	20.19	3.22	56.73
128	RIO VERDE	889.57	645.51	750.19	2285.27
129	CONCEIÇÃO	179.75	111.34	21.38	312.47
130	ÁGUA DO SEGREDO	211.12	50.66	72.42	334.20
131	CONTORNO	78.23	61.09	12.65	151.97
132	SANTO ANTÔNIO IV	55.48	28.32	16.31	100.11
133	MARSITACA	275.32	74.06	14.00	363.38
134	KRIKA	86.58	10.10	22.90	119.58
135	SÃO MARCELO II	85.71	35.83	66.67	188.21
136	NOSSA SENHORA DE FÁTIMA I	898.41	225.08	97.56	1221.05
137	NOSSA SENHORA DE FÁTIMA II	310.53	109.36	27.10	446.99
138	CLAVINOTE	239.81	27.28	18.12	285.21
139	JACUTINGA	540.91	476.50	71.05	1088.46
140	SÃO JOÃO III	543.91	183.92	59.64	787.47
141	NELORE DA CLÁUDIA	200.64	82.86	32.43	315.93
142	DOM BOSCO	65.35	47.63	212.31	325.29
143	NOSSA SENHORA APARECIDA	15.94	8.37	3.34	27.65
144	SANTA AMÉRICA	314.01	447.66	295.71	1057.38
145	RIBEIRÃO CLARO	73.80	12.50	8.37	94.67
146	FLOR DA NOROESTE	209.29	316.03	24.62	549.94
147	SÃO MANOEL	88.55	51.50	57.02	197.07
148	BONFIM	95.14	83.01	11.60	189.75
149	ESPERANÇA	530.18	544.49	47.08	1121.75
150	VILA REAL	46.19	15.79	14.05	76.03
151	GLÓRIA I	252.85	210.54	256.61	720.00
152	GLÓRIA II	122.44	18.63	4.65	145.72
153	CRISTO REI	228.26	112.48	14.10	354.84
154	MARIA JÚLIA	304.78	97.22	29.61	431.61
155	SÃO PEDRO	610.82	484.27	142.84	1237.93
156	BOCAINA	58.19	65.18	120.80	244.17
157	NOSSA SENHORA APARECIDA II	93.42	24.25	26.58	144.25
158	CONGONHAS	45.73	6.37	9.88	61.98

159	CANAÃ	234.10	14.70	40.52	289.32
160	SANTA THEREZINHA	259.95	184.88	37.30	482.13
161	PINDORAMA	36.53	25.91	68.91	131.35
162	CONCEIÇÃO II	193.18	104.42	108.16	405.76
163	SÃO JOÃO IV	227.33	63.39	39.02	329.74
164	PAU D'ALHO	71.97	19.70	5.57	97.24
165	SÃO JOAQUIM	164.55	150.06	13.43	328.04
166	SÃO JOSÉ DO PAPIREMA	69.89	12.75	14.03	96.67
167	ANGOLA-KIRONGOZI	907.96	691.33	121.03	1720.32
168	SÃO JOÃO DO TIBIRIÇÁ	131.75	187.90	29.42	349.07
169	OURO VERDE	40.50	2.75	5.50	48.75
170	SÃO SEBASTIÃO III	124.39	48.60	9.56	182.55
171	ILHA	143.28	79.71	228.08	451.07
172	BOA VISTA III	279.51	189.85	521.69	991.05
173	QUERÊNCIA	284.96	95.02	41.60	421.58
174	GUANDU	737.44	383.08	177.11	1297.63
175	MARIA ANGÉLICA	74.65	130.85	6.16	211.66
176	BOA ESPERANÇA III	89.85	75.95	112.21	278.01
177	VÔ NÉLO	128.39	201.97	56.08	386.44
178	NOSSA SENHORA APARECIDA III	254.17	78.66	14.90	347.73
179	DOS ORIXÁS	326.28	131.60	91.12	549.00
180	SANTA HELENA II	223.50	153.51	37.77	414.78
181	DUAS PONTES	774.46	175.40	48.77	998.63
182	VARGEM RICA I	104.92	25.42	18.84	149.18
183	VARGEM RICA II	47.65	6.56	3.73	57.94
184	SANTA MARIA DO CAMBARÁ	195.22	64.91	21.52	281.65
185	SANTA ROSA II	212.40	57.67	13.41	283.48
186	BOM JESUS	146.08	40.38	9.65	196.11
187	SANTA GENOVEVA	67.25	31.73	5.87	104.85
188	BOA ESPERANÇA IV	86.61	59.01	5.35	150.97
189	CONQUISTA	56.30	12.17	3.25	71.72
190	ÁGUA DAS PEDRAS II	42.50	29.23	4.26	75.99
191	LIBERDADE	71.64	68.35	6.07	146.06
192	BOA SORTE II	20.48	12.48	1.80	34.76
193	CONCEIÇÃO III	84.77	0.00	5.94	90.71
194	SARANDI	182.59	142.92	14.86	340.37
195	INDEPENDÊNCIA	136.39	53.94	7.26	197.59
196	SANTA MARIA III	104.09	14.35	9.94	128.38
197	NOVA ESPERANÇA	61.31	74.01	5.65	140.97
198	PADRE BENTO	243.88	101.87	14.25	360.00
199	BELA VISTA DO MIRIM	112.92	20.09	6.86	139.87
200	THALENTUS	282.82	93.87	13.76	390.45
201	SANTA HELENA III	341.42	234.21	19.85	595.48

202	SANTA INEZ	220.86	199.95	12.70	433.51
203	MIYADA	254.82	54.89	18.36	328.07
204	SÃO JOÃO V	300.90	21.50	22.85	345.25
205	CONGONHAS II	86.49	10.09	4.62	101.20
TOTAL		47923.73	22743.09	11199.26	81866.08

List of farms included in the scope of certification in the 2018 audit

Code	Farm	Planted area (ha)	Conservation area (ha)	Infrastructure and other uses (ha)	Total Áreal (ha)
206	ÁGUA BRANCA (talhão 007)	2.46	0	0	2.46
207	PARAÍSO III	381.10	376.97	308.64	1.066.71
208	URUPÊS	338.64	277.35	393.44	1009.43
209	CONCEIÇÃO IV	105.00	18.36	13.84	137.20
210	RIO FEIO	186.40	107.7	17.57	311.67
211	SÃO JUDAS TADEU DO INHEMA	147.05	103.08	16.34	266.47
212	PORTO BELO I	171.96	23.21	14.23	209.40
213	PORTO BELO II	107.95	17.08	8.95	133.98
214	SÃO MIGUEL	213.15	60.62	12.45	286.22
215	CARRETÃO I	822.51	218.28	43.89	1084.68
216	CARRETÃO II	247.70	71.3	11.31	330.31
217	SANTA SILVIA	576.31	480.06	311.40	1367.77
218	EIRÓ	79.47	10.04	95.24	184.75
219	LIBERDADE II	73.17	1.09	6.05	80.31
220	MATÃO II	176.58	129.87	23.93	330.38
Total		3629.45	1895.01	1277.28	6801.74

Areas Outside of the Scope of Certification (Partial Certification and Excision)

<input type="checkbox"/> N/A – All forestland owned or managed by the applicant is included in the scope.	
<input checked="" type="checkbox"/> Applicant owns and/or manages other FMUs not under evaluation.	
<input type="checkbox"/> Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.	
Explanation for exclusion of FMUs and/or excision:	Areas where wood will be sold or destined for power generation are out of scope. In 2017, a partnership contract was terminated without intention of renewal by one of the owners (Farm Cabreúva, considered in the table below).
Control measures to prevent mixing of certified and non-certified product (C8.3):	The company has a Farm Registration System, which contains all the information of the areas, including FSC certification. There is an annual plan that defines the areas to be harvested, which are monitored by the company's Computerized Control System. All harvesting and logging of the FMU are interconnected to the forest register that automatically blocks the issue of the note or the Wood Transportation Control - CTM in case of errors. All certified products are identified and tracked through production worksheets, flyers and CTMs. The company <u>does not have partially certified farms</u> , which avoids any kind of mixture of certified and non-certified products.

Description of FMUs excluded from, or forested area excised from, the scope of certification:		
Name of FMU or Stand	Location (city, state, country)	Size (<input checked="" type="checkbox"/> ha or <input type="checkbox"/> ac)
CABREÚVA	Agudos, SP, Brasil	208.09
SANTA MARIA	Lençóis Paulista, SP, Brasil	88.81
SÃO CARLOS	Lençóis Paulista, SP, Brasil	7.61
LAGEADINHO	Borebi, SP, Brasil	117.97
NOSSA SRA. DE LOURDES II	Borebi, SP, Brasil	42.41
MACACOS	Paulistânia, SP, Brasil	26.26
TOTAL		491.15

8. Annual Data Update

8.1 Social Information

Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):	
411 of male workers	33 of female workers
Frequency rate of accidents	2.4
Severity rate of accidents	69.8

8.2 Annual Summary of Pesticide and Other Chemical Use

<input type="checkbox"/> FME does not use pesticides.				
Commercial name of pesticide / herbicide	Active ingredient	Quantity applied annually (kg or lbs)	Size of area treated during previous year	Reason for use
Scout	Glyphosate	7,165.42 kg	2,157.25 ha	Manual weed spray – Site preparation– PS
Scout	Glyphosate	27,285.87 kg	16,330.94 ha	Manual weed spray – Maintenance
Gli Up	Glyphosate	61.62 kg	20.90 ha	Manual weed spray – PS
Gli Up	Glyphosate	1,767.63 kg	979.71 ha	Manual weed spray – maintenance
Preciso	Glyphosate	55.00 kg	59.47 ha	Manual weed spray – PS
Preciso	Glyphosate	610.00 kg	400.52 ha	Manual weed spray – maintenance
Fordor	Isoxaflutol	407.59 kg	3,364.44 ha	Manual weed spray – maintenance
Flumyzin	Flumioxazine	79.48 kg	654.96 ha	Manual weed spray – PS
Flumyzin	Flumioxazine	222.53 kg	3,645.44 ha	Manual weed spray – maintenance
Evidence	Imidacloprid	58.33 kg	2.289.49 ha	Planting – termite control
Dinagro	Sulfluramid	7,596.37 kg	2,550.31 ha	Leaf-cutter any control – Site preparation (CFPS)
Dinagro	Sulfluramid	75,451.98 kg	35,261.43 ha	Leaf-cutter any control – Maintenance (CFM)
Mirex	Sulfluramid	4,985.00 kg	1,546.12 ha	CFPS

Mirex	Sulfluramid	33,632.00 kg	12,761.47 ha	CFM
K-Othrine	Deltamethrin	96.00 kg	290.47 ha	CFPS
K-Othrine	Deltamethrin	254.00 kg	408.52 ha	CFM
Solara	Sulfentrazone	13.50 l	93.88 ha	Manual weed spray – PS
Solara	Sulfentrazone	113.50 l	187.33 ha	Manual weed spray – maintenance
Savana	Clomazone + Carfentrazone	3.00 l	19.01 ha	Clearing firebreaks - maintenance

*Data correspond to the period of January to December 2017.