

A solid basis for the future

Forest certification is now definitely a priority to Brazil's pulp and paper companies. What used to be merely a manner of differentiating responsible from doubtful industry practices has now amassed and evolved into a market mechanism to attest to the sustainability of the forest production chain.

Currently, pulp and paper industry strategies are strongly linked to the economic, environmental and social responsibility tripod that guides sustainable practices. This process began with certification of forest management units and then expanded to include the industry's manufactured products, offering a competitive advantage.

Certification ensures that not a single tree has been illegally harvested for pulp and paper manufacturing. It also assures that rights of forest workers have been respected, and that surrounding communities have benefited from the industry in terms of capacity building, health, job creation, etc.

This BR Pulp & Paper edition highlights the history of forest certification and of the main certification systems developed in Brazil: the Forest Stewardship Council (FSC) and the Brazilian Forest Certification Program (Cerflor), which

represents the Programme for the Endorsement of Forest Certification Schemes (PEFC). It also includes positive experiences from pulp and paper companies and their clients who have committed to certification.

The success of forest certification can be perceived by the significant relevance that the labels have reached in the market and in the production chain due to the growing awareness towards social and environmental responsibilities.

The importance of certification has grown to an extent that it currently covers both small holders who participate in outgrowers programs conducted by pulp and paper industry and large companies in different sectors, such as food, health and beauty.

Furthermore, a new topic is now being discussed: the role of forest certification systems towards new industry trends, including the use of tree biotechnology. The future will require strong efforts from all stakeholders involved in the debate on this topic whose objective is to seek innovation that meets the increasing demand for forest-based products on account of growing worldwide demand. This is our current challenge.



Editorial



It is consensus in the Brazilian pulp and paper sector: sustainability is a no-going-back path. Certification of forest management and the entire chain of custody of forest-based products play a notable role in this process.

In this issue, we bring you a brief history of forest certification, which initially was intended to better show companies' actions in dealing with environmental aspects. Over time, certification has evolved to encompass sustainable management, which currently monitors the quality of processes and products from the field to the final consumer, encouraging each participant in the production chain to commit to good industry practices.

Certification systems, certification bodies, the industry, suppliers, consumer goods companies – ultimately, the whole immense chain of production – have been demonstrating outstanding efforts to improve sustainability. Nonetheless, final consumer still need to be more effectively embedded in this context.

When it comes to their involvement, information and insight to understand what is behind certification labels is lacking. They need to be more familiar with the actions of socially responsible companies. These are key values, the results of strong efforts and commitment in favor of environmental preservation aligned with social and economic development.

This is a challenge that requires efforts from all productive sectors as well as the government.

Enjoy your reading!

Elizabeth de Carvalhaes
Bracelpa CEO

Two decades of history

Forest certification expands around the world



The 90s was the beginning of a moment to encourage sustainable forest management, particularly of tropical forests. This new initiative was developed after limited impacts were achieved from boycotting sales of illegal wood from tropical forests throughout the 1980s. This is how the concept of forests certification emerged. The first system established was the Forest Stewardship Council (FSC) in 1993 in Toronto, Canada.

This process included international consultations for over three years. Studies were conducted in ten countries, to develop forest certification standards. Also, in order to assure compliance with the social, economic and environmental principles, third party auditing was set as requirement. ▶

FSC

This independent, non-governmental organization is a certification system that internationally recognizes the responsible production of forest-based products. FSC label guarantees that the final product comes from environmentally friendly and good forest management.

The system is based on 10 principles and has specific standards developed to address the Brazilian forestry sector. These principles range from compliance with national laws and regulations, to respect for workers' social and economic wellbeing, to the implementation of management activities in accordance with economic, environmental and social aspects and FSC Principles & Criteria.

"The main forestry companies in Brazil are already FSC certified. When it comes to the expansion of certification to include small holders, we have constructed, after extensive consultations with civil society, a specific standard just for them: it is the SLIMF for forest plantations (small and low intensity managed forests). It currently awaits for approval by FSC International Board. "It is an important step to increase the supply of wood from responsible sources in Brazil," says Fabíola Zerbiní, executive director of the FSC Brasil.

Motivation to achieve certification



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► Brazil actively participated in the process from its very beginning. Brazilians composed the largest foreign delegation at first FSC General Assembly. Other 26 countries participated. Besides, two Brazilians were members of the first FSC board of directors: Adamantino Ramos de Freitas and Juan Rueda. In 2001, FSC Brazil was founded.

Following the same trend occurring in Brazil, forest certification began and made headway in other countries as well, such as Sweden, Finland, Norway, Germany, England, the United States, Canada, South Africa, Indonesia, Malaysia, New Zealand, Chile, Austria, Ghana, Belgium, etc.. Within this context, a variety of entirely voluntary programs designed to account for the regional particularities of each country's forests have emerged.

Additionally to FSC emergence from these efforts, in 1999 it was also established the Programme for the Endorsement of Forest Certification Schemes (PEFC), which was initially a certification system for countries within

the European Community and later expanded in scope to endorse regional systems at the international level.

In Brazil, the Brazilian Forest Certification Program (Cerflor) was proposed in 1991 by the Brazilian Silviculture Society (SBS), and later on endorsed by PEFC. It first started as part of the Brazilian Assessment and Standards System (SBAC) just at the same time that discussions were being held regarding the establishment of FSC. Cerflor was established in 2002 thanks to a partnership among the Embrapa Florestas, the Brazilian Technical Standards Association (ABNT), and the Ministry of the Environment as the regulating authority.

Both the FSC and the PEFC are systems that certify the management of native and forest plantations. Brazil alone has more than 7 million hectares of planted forest as part of the pulp and paper, wood panels, charcoal and furnishing industries. Out of the 7 million, 3.5 million hectares are certified by the FSC and 1.3 million by Cerflor. ■

Cerflor

Lead by the National Institute of Metrology, Quality and Technology (Inmetro), Cerflor certification encompasses two areas: Sustainable Forest Management (SFM) and Chain of Custody (CoC) of forest-based products. The standards are developed by the Brazilian National Standards Organization (ABNT).

SFM certification assesses a company's adherence to sustainability requirements for forest activities and practices, with a focus on environmental, economic and social aspects. CoC certification, in turn, refers to an assessment of traceability, focusing on raw materials used in the forest-based product and its respective origin. The origin, handling and traceability of the raw

material used at all stages of production are required, from the forest to the final product.

"Cerflor has contributed to the strengthening of forest-based activities so that they comply with international principles that have been regulated and assumed by Brazil through a number of signed international agreements. Despite having achieved notoriety in the international scene, there is still much to develop in the Brazilian forest certification system when it comes to international recognition. Also much is still needed to expand Cerflor certified areas and forest-based products with certified chains of custody," notes Maria Teresa Rodrigues Rezende, CEO of Cerflor and of PEFC Brazil.

Transparency and good practices

Companies go a long way to earn the right to display certification labels



Forest certification is a dynamic process that requires constant verification and monitoring. In other words, the label itself is not considered the final prize. The company that is audited by an independent certifying body must periodically improve its management practices to ensure continued certification.

The pulp and paper industry perceives that the efforts and investments involved in the certification process results in internal and external benefits to the companies and increasingly prepares the industry to face production and market challenges. This search for continuously improved sustainable practices led some companies to seek dual forest certification, FSC and Cerflor.

Celulose Nipo-Brasileira (Cenibra) obtained FSC and Cerflor certification in 2005, and identifies in native and planted forest certification a tool to detect opportunities to improve environmental, social and economic performance.

Since it started pursuing certification the company has noticed a constant evolution in its sustainability profile. Improvements include the strengthening of communication channels with distinct stakeholders groups, creation of a specific department within the company to manage potential social impacts on surrounding communities and intensify environmental monitoring of water streams, flora and fauna.

In addition to structural changes, other important projects have also been launched. In 2008, Cenibra began offering hot food in the field and now serves an average of 5,000 meals per day to its field workers. As part of its commitment to improve working conditions, in 2012 the company began pursuing forestry modernization and will invest over BRL 56 million (around US\$ 28 million) through 2014 to mechanize its operations. These actions will demand better training and will consequently improve the workers' income. ►

▶ According to Paulo Eduardo Rocha Brant, Cenibra’s CEO, the main challenge faced by the pulp and paper sector concerns social responsibility. “It is crucial to establish management practices that take into account the impacts on the community, the potential to generate jobs and income for its stakeholders,” he explains. Within this context, the company created an initiative called Integrated Management of the Territory, an approach that meets forest certification objectives, as it is based on identifying and building proposal to develop the territory involving economic and government agents, and civil society.

Paulo Brant further highlights that it is essential to develop and support the market of certified products as a way to strength the sustainability of forestry certification investments.

Commitment – For Arauco Brazil, which belongs to the Chilean corporation Arauco, dual forest certification reiterated the company’s commitment to environmental and economic aspects related to forest management, and the constant search for excellence of operations and processes.

In recent years, the company has shown significant evolvement in terms of dialogue and relationship with the surrounding communities. It also expanded actions to prevent and mitigate socioeconomic impacts generated by forest

management. Research focusing on biodiversity conservation and application of the best environmental conservation practices were also improved.

In light of the concept of “shared value” in management, Arauco focuses on markets that place growing value on sustainability aspects and the generation of simultaneous economic benefits for companies and communities the company operates. The company also believes that the growing demand for certified wood and certified finished forest-based products will be a differential.

Suzano Pulp and Paper’s commitment to sustainability is backed by a range of certifications, starting with FSC in 2004 and Cerflor in 2010. In the same trend as other organizations in the sector, the company also obtained SA 8000 certification (social responsibility), OHSAS 18001 (health and safety management), ISO 9001 certification (quality management) and ISO 14001 (environmental management). In 2010, Suzano became the first pulp and paper company in the world to quantify the carbon footprint of its products based on PAS 2050 methodology, thereby obtaining the Carbon Trust’s Carbon Reduction Label.

“The company was a pioneer when it comes to social and environmental certifications and this has led Suzano to adopt the best management ▶

Certification of outgrowers

A group of forest farmers affiliated to the Association of Eucalyptus Farmers from Southern Bahia (Aspex) obtained dual certification from Cerflor and FSC. This was accomplished with the support of the Forest Farmer Program developed in 2003 by Veracel, a company also certified by FSC and Cerflor and that encourages outgrowers certification.

The company’s initiative worked really well. Motivated farmers gathered to create Aspex in 2006. In early 2012, Veracel received its first load of certified eucalyptus from regional outgrowers, through this partnership with the program.

For the outgrower Gleyson Araújo, chairman of Aspex, when a partnership is established, such as that between Aspex and Veracel, the initiative brings benefits to forest producers and the region.

“Thanks to this partnership, we have been able to expand the sustainability of our activities

and create a new source of income, increase the value of farming activities, improve the sense of community and establish new associations in our region,” affirms Araújo.

He further stresses that compliance with forest certification standards allows producers to reach a market niche and also adds value to the property. It also assures compliance with environmental, social and legal regulation of forest operations, which is a very valuable aspect to farmers.

“It is important that these partnerships with companies be expanded, so that outgrowers’s production becomes more professional and attains ever higher standards through good management practices. For companies, this is an excellent way to support regional development, and establish good relationship with the local community”, concludes Araújo.

practices to mitigate social and environmental impacts. Besides, it led to improved transparency resulting in more competitiveness, improvements in client contentment and greater trust from society as a whole,” explains Jorge Cajazeira, vice-president of Institutional Relations for Suzano Pulp and Paper.

Suzano believes in consumers’ growing awareness, and their increasingly recognition towards certified products, that are manufactured by companies whose management and processes are recognized by independent agencies that seek social responsibility, environmental responsibility, health and safety.

Following upon this trend, International Paper Brazil (IP) won its first forest certification in 2007 and is currently certified by FSC and Cerflor both for forest management and chain of custody. The company also has a significant certifications profile, which includes ISO 9001, ISO 14001 and OHSAS 18001.

“Maintaining environmentally friendly standards is part of our daily activities. We aim to reach consumers that are aware of sustainability aspects and that require certified products,” says Lizzi Colla, manager of Social Responsibility and Sustainability at International Paper. In addition, IP Institute was founded to professionally manage corporate social responsibility to optimize results from programs directed to stakeholder communities. It is worth mentioning that, for certified papers to reach the market, a series of requirements must be met throughout the process, referred to as the chain of custody; this involves not only forest plantations, but people as well.

As part of its development, IP now adopts public sustainability goals, closely followed by an internal committee, which establishes strategies and priorities in the company’s decision-making process.

Trends - These companies’ actions already focus on trends indicating that countries will soon be able to adopt new forms of gauging progress and pricing externalities, such as carbon credit, which is the positive balance generated by the capture of CO₂ from the atmosphere, and the green GDP, based on the production of goods and services, and natural and human capital. In other words, new components will play a role in determining the companies’ profits and losses.

Key industry sectors will be keen in the transition to a green economy. Companies will redesign their business models and seek greater efficiency in the use of natural resources and new metrics to increase value.

Certified Associated Companies



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“Certifications have already become the premise for the entire forestry industry,” affirms Sandro Bressan Pinheiro, manager of Management Systems at Fibria. According to him, these labels give companies a differential edge in the market, favor the companies’ relationships with society and position companies as socially and environmentally responsible.

Fibria’s operations received certification in forest management by Cerflor in 2004 and later by FSC in 2005. Certification of the company’s chain of custody by both certification systems followed soon thereafter, in 2006. In 2010, the company received recertification by FSC for forest management and chain of custody.

Concurrently, Fibria pursues sustainable actions so as to daily improve the responsible use of natural resources, encourage the development and well-being of surrounding communities, and conserve and recover native ecosystems. In 2012, new actions included the establishment of long-term sustainability goals, with an outlook to 2025. This process involved three months of discussion and dialogue among 40 people from 12 different corporate departments, coordinated by specialists from Vale dos Sinos University (Unisinos) in Rio Grande do Sul.

According to Pinheiro, the encouragement for all this effort regarding certification processes comes from final consumers who are becoming more aware of sustainability aspects of the production chain of forest based products. As a result, Fibria defined goals for the coming years, which include obtaining or expanding forest certifications, ISO 9001, ISO 14001 and ISO 18001, for different company departments and facilities. “The company will also contribute to further develop the forest management of its outgrowers so that they can also be certified by FSC and Cerflor” he concludes. ■

FSC International's new CEO

Kim Carstensen was named in October 2012 the new executive director of FSC International, a position held by Brazilian André de Freitas since 2008. With over 20 years of experience in issues related to environmental preservation and development, the new director now faces the challenge of carrying the institution forward and into a new stage.



Divulgação

Carstensen also visited forest plantations, outgrowers areas, production facilities and social projects maintained by Klabin in Telêmaco Borba, at the State of Paraná. According to André de Freitas, the activities had a very positive impact on production standards for forest plantations in Brazil and with regard to the challenges and opportunities they offer.

André de Freitas legacy

Carstensen's professional career began at WWF in Denmark in 1989, where he worked on projects in Africa, Asia and Latin America. In 1996, he became the organization's secretary-general and worked for over 10 years with large tropical-wood industries, encouraging them to seek FSC certification. With a bachelor degree in Sociology, Carstensen has been named a "qualified conflict moderator."

In a visit to Brazil just after taking over the position, Carstensen witnessed the solid partnership that Bracelpa and the forestry sector have engaged in with FSC over the previous three years, this partnership seeks to cooperate on a common agenda between the sector and FSC system. He met with CEOs and companies' representatives from the pulp and paper sector to discuss topics of strategic interest, such as tree biotechnology, chemical policies, controlled wood standards and the need for approval of the SLIMF standard (certification of small farmers).

Executives reaffirmed the planted-forest industry's commitment to certification and social, environmental and economic indicators, seeking to demonstrate that Brazilian forest plantations can play an important role when it comes to the development and expansion of the FSC system.



Divulgação

André de Freitas left FSC International after more than six very successful years working for the organization. He started as the Policy and Standards director, and in his last four and a half years, as executive director.

Michael E. Conroy, current chairman of the Board of FSC International, defined Freitas' performance as a term of notable improvements and great success for the system.

In a letter to all FSC members, Conroy highlighted some of the achievements of the former director, which led to the organization's greatest stage of growth since its founding. Within that period, the number of certificates expanded worldwide jumping from 10,000 to 25,000. Also noteworthy mentioning, this was a period of system's physical expansion, with over 30 offices worldwide, which enabled FSC to promote its certification and the consumption of certified products.

André also led the organization through the process of the first complete and formal review of the FSC's Principles and Criteria, accepted by FSC members in February 2012.

Book celebrating 10 years of Cerflor

To celebrate a decade of activities, Cerflor published, in the end of 2012, a book called *Sustainability Challenges: 10 years working to promote Brazilian forests*. Organized by Maria Teresa Rodrigues Rezende, Luiz Carlos Monteiro and Andréa Santini Henriques, from Inmetro, the book addresses sustainable development and forest protection. It also includes analyses by specialists from a variety of sectors. *Sustainability Challenges*, by Essential Idea Publishing, was produced following the chain of custody standards. Look for it!



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8 billion certified packaging units

Tetra Pak, a packaging company that operates in over 170 countries, produced near 8 billion packaging units in Brazil in 2012.

Since 2008, the company has been using paper manufactured by Klabin and certified by the FSC. Accordingly, this goal is a reflection of the increased interests of Tetra Pak clients to assure that their companies demonstrate commitment to environmental issues. It is worth mentioning that Klabin was the first pulp and paper company in the



Divulgação

Southern Hemisphere to obtain FSC certification, in 1998. It is a company deeply recognized for its commitment to sustainable development for over 60 years.

According to Fernando von Zuben, the Environmental Director at Tetra Pak, the company

is concerned with the whole life cycle of its products and it uses every opportunity to raise customer awareness on the importance of certified raw material, appropriate forest management and biodiversity preservation.

Sustainability: the only way to do business

Unilever works with approximately 6,000 suppliers of raw material in Brazil, the majority in forestry and agriculture.

In November 2010, Unilever launched its 10-Year Sustainability Plan. It comprised approximately 60 targets applicable to the company's entire value chain, including suppliers, distributors and consumers in addition to direct operations. Set target are bold; the company plans to work with 100% sustainable raw material and care for the health and wellbeing of 1 billion people around the world.

To this extent, Unilever has developed a so called "sustainable agriculture code" aiming to guide its suppliers in the incorporation of the company's good practices and standards and help them to reach certification for their products.

"Suppliers perceived early on that they needed information and that we were providing an opportunity. This was the first step," explains Ligia Camargo, manager of Sustainability at Unilever. From then on the company has gone through a process of adaptation and change which has

evolved continuously and naturally. Those involved in the Unilever's production processes understood that the only way for their company to progress would be by promoting sustainable consumption, and therefore encouraging sustainability throughout the production chain was needed.

Currently all paper used by Unilever, from printing and writing paper to the endless types of packaging, is certified. This is also true for other important raw materials in the company's manufacturing processes. Throughout this evolution process, Unilever has been working with a number of companies involved in certification.

"We have a clear view that certification from the forest-based sector, from the field to the end product is the key to demonstrate sustainability value. There is a trend that these labels will assume even greater relevance and influence on businesses strategies," Ligia concludes.

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