



# **RSPO Certification Audit**

## **Principles and Criteria**

### **Agropalma Group**

#### **Brazil**

**14<sup>th</sup> to 18<sup>th</sup> of February, 2011**

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## Preamble

### List of Abbreviations

CLL	Consolidation of Labour Laws
CONAMA	National Environmental Advisory
COH	Control of Occupation Hazards
CPO	Crude Palm Oil
EFB	Empty Fruit Bunches
EIS	Environmental Impact Study
ERPP	Environmental Risk Prevention Plan
FFB	Fresh Fruit Bunches
FISPQ	Chemical Product Safety Information Sheet
GAP	Good Agricultural Practices
GHG	Greenhouse Gases
GPS	Global Positioning System
Ha	Hectare
HCVs	High Conservation Value Areas
HRD	Human Resources Department
IBAMA	Brazilian Institute of the Environment and Renewable Natural Resources
IBD	IBD Certificações
IBGE	Brazilian Institute for the Geographic Statistics

ILO	International Labour Organization
IMS	Integrated Management System
INCRA	Brazilian Institute for Settlement and Agrarian Reform
IPE	Individual Protection Equipment
IPM	Integrated Pest Management
IUCN	International Union for Conservation of Nature
LD50	Lethal Dose 50
MSDS	Material Safety Data Sheet
NC	Non Compliance
NGO	Non Governmental Organization
OHMSP	Occupational Health and Medical Surveillance Program
PAE	Plan for Attending to Emergencies
P & C	Principles & Criteria
PK	Palm Kernel
PKO	Palm Kernel Oil
POME	Palm Oil Mill Effluent
PPA	Permanent Preservation Area
RAISA	Social and Environmental Impact Evaluation Report
RL	Legal Reserve
RSPO	Roundtable on Sustainable Palm Oil
RER	Rural Environmental Registry

SEMA	State Environmental Secretary
SGP	Standards for General Procedures
SOP	Standards Operational Procedures
SP	No planting
SSP	Standards for Specific Procedures
Ton	Metric Ton
UAG	Fat Factory
WWF	World Wild Fund (environmental NGO)

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**Location: Agropalma School**

Description: Students in classroom

**Location: Industrial area**

Description: Fire Safety Training



**Location: Forest Reserve**

Description: Sign indicating conservation aspects.



**Location: Forest Reserve**

Description: Monitoring of Fauna





**Local onde foi tirada: Frentes de Colheita de Cachos**

Description: Harvest stages of FFB: A – general aspects of plantation; B – Cutting; C , D and E – loading; F, G and H – transport.

**List of documents verified**

Document codification	If attached, indicate attachment	If merely checked without being attached, indicate with "x"	Purpose of document / observations
<b>ANNEX 1: SOCIAL ASPECTS</b>			
Doc 01 / 01 Doc 02 / 01	ANNEX 1		Form for registration of stakeholders (Doc 01) and Viver Bem Folder (Doc 02): evidence of conformity with Criterion 1.1, in that company registers stakeholders and seeks communication with these parties using clear and accessible language.
Doc 03 / 01 Doc 04 / 01	ANNEX 1		Global Analysis Report for ERPP (Environmental Risk Prevention Program) 2009 – 2010 (Doc. 03) and Control of company property documentation (Doc. 04): evidence of conformity related to criterion 1.2, 2.2 and 2.3, through which the company shows management of aspects related to Safety in the Workplace and transparency regarding landownership documents.
Doc 05 / 01	ANNEX 1		Report of weapons found in the reserve areas of Agropalma – Jan/ Feb of 2001: evidence of conformity related to criterion 2.1: In Brazil, wild animal hunting is prohibited by Law and Agropalma maintains forestry rangers within their Forest Reserve areas in order to protect the natural resources and prevent predatory hunting.
Doc 06 / 01	ANNEX 1		INCRA Case Registration protocol (Doc 05): evidence of conformity with criterion 2.2, regarding demarcation of company lands.
Doc 07 / 01	ANNEX 1		Diagnostic and Development of Social-environmental project for Agropalma with the intent of establishing a Socio-environmental Responsibility Program – April 2008 – Institute Peabiru: evidence of compliance with criterion 2.3, along with

			Doc 04.
Doc 08 / 01	ANNEX 1		Simulation report in which the workers practice leaving one of the Units in simulation of an emergency (Doc 08), Industry Audit Report (Doc 09: document in PDF), Accident Analysis Report Amapalma (Doc 10), Bus inspection report (Doc 11 – file in Excel) and Daily Safety Journal (Doc 12 – file in PDF): evidence of compliance with criterion 4.7, related to management of worker safety.
Doc 13 / 01	ANNEX 1		Procedures for reception, resolution, reply, negotiation, and solution of complaints: evidence of compliance with criterion 6.3.
Doc 14 / 01 Doc 15 / 01	ANNEX 1		Environmental and Social Impact Evaluation Report / March 2008 (Doc 10) and Environmental and Social Impact Evaluation Report– Fazenda Alagoano / September 2009 (Doc 11), developed by Orbis Exceller: evidence of compliance related to principle 7.
<b>ANNEX 2: ENVIRONMENTAL ASPECTS</b>			
Doc 01 / 02	ANNEX 2		Environmental License Protocols
Doc 02 / 02	ANNEX 2		Map showing the Ages of Plantings in PDF
Doc 03 / 02	ANNEX 2		Map showing the Ages of Plantings in Excel
Doc 04 / 02	ANNEX 2		Study on Vegetation Biodiversity in the Palm plantations carried out by the Montpellier University
Doc 05 / 02	ANNEX 2		Audited Points – Environmental Aspects
		X	Environmental Licenses for Industry and Farms, with exception of Farms Trevo and Galiléia
		X	Permits for water capture and use.
		X	Proof of appropriate discard of Agrochemical packages and other



			dangerous residues.
		X	Procedures for managing residues and effluents
		X	Environmental License for the Controlled Landfill pertaining to Vila Palmares
		X	Water and effluent analysis carried out on samples taken from environmental monitoring stations: downstream and upstream of the settling ponds, local water catchment.
<b>ANNEX 3: PRODUCTION ASPECTS</b>			
Doc. 01 / 3	ANNEX 3		Official Federal Publication - <i>ISSN 1677-7042</i> N° 139 22/07/10: Evidence of compliance with criterion 2.1 – Justification and legal basis for use of glyphosate in company's plantations.
Doc. 02 / 3 Doc. 03 / 3	ANNEX 3		Replanting plan through 2030 (Doc 02) and history of agricultural production (Doc 03): Evidence of conformity related to criterion 3.1, a justification of the structured business plan for agricultural production.
		X	<p>Procedures for:</p> <ul style="list-style-type: none"> <li>- Mechanical and chemical weed control;</li> <li>- Unloading of trailers and fertilizers;</li> <li>- Mechanized fertilization;</li> <li>- Integrated pest management;</li> <li>- Agricultural production operations.</li> </ul> <p>These documents provide evidence of company compliance with criterion 4.1.</p>
Doc. 04 / 03 Doc. 05 / 03 Doc. 06 / 03	ANNEX 3		<ul style="list-style-type: none"> <li>- List of fertilizers used by the company (Doc. 04)</li> <li>- Proof of sending of leaves for nutrient analysis. (Doc. 05)</li> <li>- Proof of sending of soil for nutrient analysis (Doc 06).</li> </ul> <p>Evidence of conformity related to criterion 4.2. These documents provide evidence that the company monitors soil fertility</p>

			through regular analysis of soil and leaf samples by research institutes.
Doc.07 / 03	ANNEX 3		General soil map: Evidence of conformity with criterion 4.3: Proof that the company practices soil management in accordance with general soil characteristics.
Doc.08 / 03 Doc.09 / 03	ANNEX 3		- Inventory of the main crop pests and diseases; divided by biological group, such as bacteria, fungi, invertebrates, mammals. (Doc. 08)  - Strategic plan for reducing use /toxicological class of agricultural chemicals (Doc.09)  Evidence of conformity related to criterion 4.5: demonstrating that the company monitors pests and diseases that affect the crop and has strategies for reducing the use of agricultural chemicals.
Doc.10 / 03	ANNEX 3		- Document justifying the use of Agrochemicals, in the case of acephate (Doc.10). Evidence of conformity related to criterion 4.6: Proof that company uses agrochemicals permitted by Brazilian legislation.
<b>ANNEX 4: INDUSTRIAL ASPECTS</b>			
Doc. 01 / 04	ANNEX 4		Characterization of productive areas
Doc. 02 / 04	ANNEX 4		System of Integrated management
Doc. 03 / 04	ANNEX 4		Average productivity
Doc. 04 / 04	ANNEX 4		Industrial Production Flow Chart
Doc. 05 / 04	ANNEX 4		Consumption of Water within Industry
Doc. 06 / 04	ANNEX 4		Application plan for effluents

Doc. 07 / 04	ANNEX 4		Points Audited – industrial aspects
	ANNEX 4	X	Daily production controls for industry and traceability documents
<b>ANNEX 5: GENERAL CERTIFICATION ASPECTS</b>			
Doc. 01 / 05	ANNEX 5		Pre-audit report – Agropalma report
Doc. 02 / 05	ANNEX 5		Pre-audit report – IBD Evaluation
Doc. 03 / 05	ANNEX 5		Stakeholders' letter – Portuguese
Doc. 04 / 05	ANNEX 5		Stakeholders' letter – English
Doc. 05 / 05	ANNEX 5		List of Stakeholders
Doc. 06 / 05	ANNEX 5		Local indicators for Agropalma Group

### Summary

IBD carried out the evaluation of the company **GRUPO AGROPALMA** within the Principles & Criteria of the RSPO Certification System, 2007 edition, and the Local indicators approved by the Secretariat of this organization in November, 2010. New Planting Procedures were also considered, approved by RSPO in September, 2009. The **audit occurred between the 14<sup>th</sup> and 18<sup>th</sup> of February, 2011. The audit was carried out by a team of 4 auditors**, with multidisciplinary training and a wide range of experience pertaining to themes related to RSPO certification. Each auditor was focused on specific aspects of the company, including: **environmental aspects, social aspects, agricultural production, and industrial processing.**

The Agropalma Group is composed of the companies Agropalma S/A and Companhia Refinadora da Amazônia (CRA), regular members of RSPO. This audit included agricultural activities of the Group concentrated within Agropalma S/A and crude oil extraction activities within CRA. The audit covered **four crude oil extraction units and eight Agricultural Departments**, defining the Certification Unit for this audit in accordance with the RSPO Secretariat.

Mapa de Localização das Fazendas da Agropalma

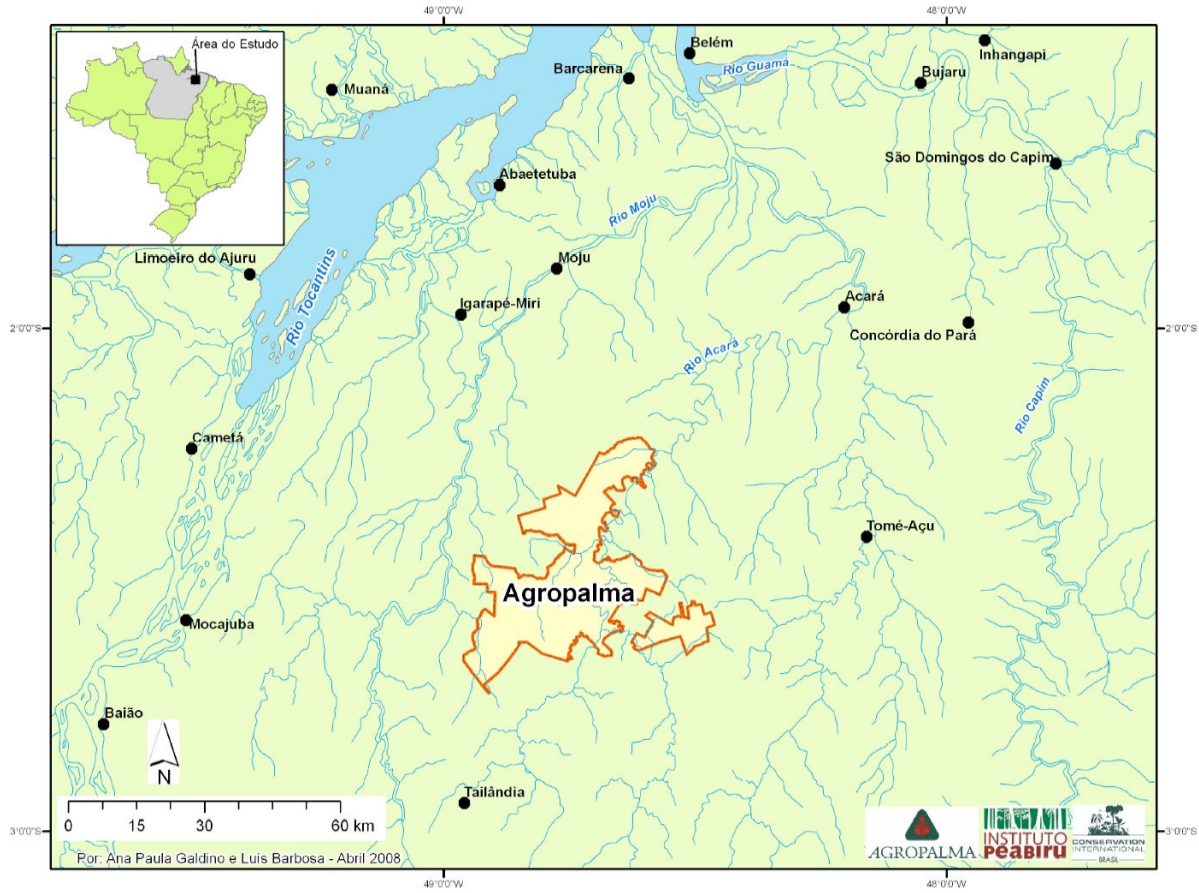


Figure 1: Location Map of the Certification Unit

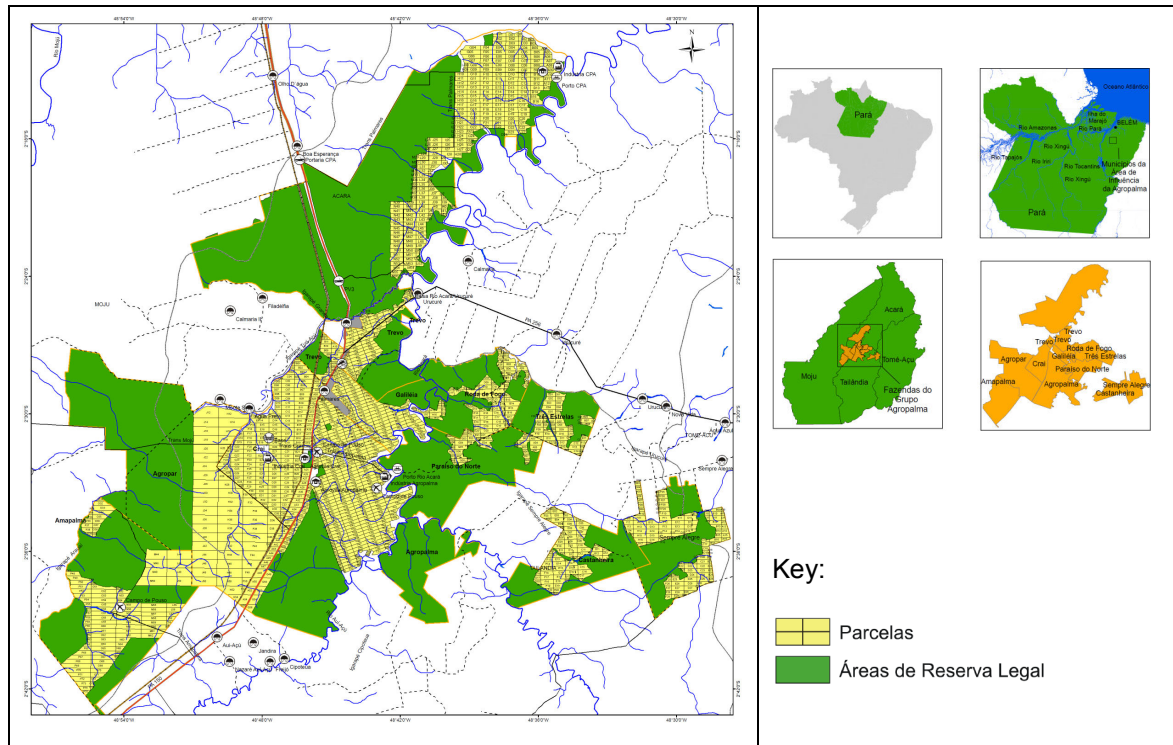


Figure 2: Map of Productive Areas and of the Forests pertaining to Agropalma Farms.

The estimate of production for 2011 is 125,793 tons of crude palm oil (CPO), and 12,025 tons of palm kernel oil (PKO). The production resulting from FFB produced by suppliers is not included in this sum given that these were not included in the scope of this RSPO audit.

This report is being submitted to the RSPO Executive Committee for approval on June 28<sup>th</sup> 2011. The decision made by the RSPO committee is to certify the Agropalma Group and was made on 08/15/2011.

## Part I – Scope of certification audit

### 1.1. Normative reference

The evaluation of conformity of palm and palm oil production by "XXX - Company Name" is carried out in light of:

- RSPO International Principles & Criteria (version October, 2007)
- National Interpretation (version approved XX/20XX)
- Local indicators developed by IBD (version approved XX/20XX)
- New Planting Procedures (approved by RSPO EB in September 2009)

This report corresponds to:

- Pre-audit
- 1<sup>st</sup> Certification Audit
- X<sup>st</sup> Monitoring Audit

### 1.2. Organization's Information

Company Name	GRUPO AGROPALMA
Address	Alameda Santos, 466 – 10 <sup>o</sup> andar, CEP: 01418-000, São Paulo, Brazil.
RSPO member number	1 0003 04 000 00, approved on 0629/2004



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CNPJ (company tax ID)/ State registration	83.663.484/0001-86 / 15.177.007-7
If individual: CPF (tax ID)	-----

### 1.3. Certification scope

The certification scope for GRUPO AGROPALMA covers eight Agricultural Departments (12 farms) with approximately 39.5 thousand hectares planted and four Extraction Units for Crude Oil– CRAI/AGROPAR, AMAPALMA, AGROPALMA and CPA (see **Doc 01, ANNEX 4**). IBD interprets the Certification Unit for Grupo Agropalma as the totality of the eight Agricultural Departments and four extraction plants that receive fruit bunches, given that autonomy cannot be attributed to the agricultural departments and the extraction industries, which operate in an integrated way, as demonstrated by their administrative and productive characteristics.

All eight agricultural departments, which cover approximately five thousand hectares each, are located in one group of twelve contiguous farms, such that the harvest activities for these are under the responsibility of one manager only. The fertilization, pest control, chemical crowning, and road management is carried out by the respective managers, whom provide services to all the departments. Similarly, all the support activities, such as human resources, infrastructure (housing, meals, health care, school, fuel, equipment storage, etc) are organized by specific managers, whom are responsible for all the agricultural departments.

In the case of the extraction units, that are located within the Agropalma S/A plantations, the principle is the same. There is one manager responsible for production at the four extraction units and one manager responsible for maintenance of these units. Control of quality and losses is carried out, within the four units, by one specific department that is not subordinate to the industrial production manager or to the maintenance manager. As is the case in the agricultural departments, all the support activities for the extraction industries, such as human resources and infrastructure (food, housing, health care, school, fuel, storage, etc.) is also the responsibility of the same specific managers whom assist all the industrial units.

The four CRA extraction units receive fresh fruit bunches (FFB) produced by the eight agricultural departments of Agropalma S/A. Preferably, each industry receive bunches from the closest agricultural departments. However, all the agricultural departments are near to each other and are at an economically viable distance to any of the extraction units. As such, it is common for the extraction units to receive fruit from agricultural departments that would normally send product to another unit. For example, Department II normally delivers FFB to the Agropalma Industry that is located an average of 5 km from the plantation. Nonetheless, if there is any difficulty at the Agropalma industry, the harvested FFB from Department II are immediately redirected to the industry CRAI/AGROPAR, which is located 10 Km away.

It is important to point out that all the CRA Extraction Factories undergo yearly maintenance during which time production is shut down for a period of 45 days. In other words, during a period of at least six months out of the year, one of the factories is shut down and the fruit that would normally be destined to this unit is distributed to the other units. In addition to these programmed shut downs there are other shut downs for extraordinary corrective maintenance. In these cases fruit is also redirected to other units. The destination is

determined in accordance with factory availability and other technical conveniences such as factory distance from plantation, road quality, etc.

As such, it is not possible for IBD to define a precise production estimate for each extraction unit for 2011 and, with this, validate the traceability process, necessary for commercialization of the certified oil. IBD defends the idea that the company be understood by RSPO for the way in which it is administrated, in other words, in an integrated way. The production of crude oil by the Agropalma Group is carried out in conjunction by all the agricultural departments and the four extraction factories, as one management unit. In this management unit, production estimates for 2011 are 655,030 tons of FFB, 125,793 tons of CPO and 12,025 tons of PKO.

Suppliers to Agropalma control an area of 7,076 hectares (5,415 hectares held by integrated producers and 1,661 hectares held by family producers), for which 80,000 tons of FFB, 16,094 of CPO and 1,558 tons of PKO are estimated for 2011. The suppliers are not included in this audit scope. As such IBD has only taken into account, during this first audit, the production derived from the company's own areas.

## 1.4. Characterization of the business

### 1.4.1. Corporate structure

The Grupo Agropalma is composed of Agropalma S/A – Agricultural complex consisting of 8 Agricultural Departments (12 farms) – and by the Companhia Refinadora da Amazônia (CRA) – consisting of 4 Extraction Units for Crude Oil (CRAI-AGROPAR, AMAPALMA, AGROPALMA and CPA), one refinery, a margarine and fats factory and an etherification unit. This first certification audit includes only Agropalma S/A and the Extraction Units for Crude oil.

### 1.4.2. Company values

Over the length of its 29 years in existence, the Grupo Agropalma developed a group of corporate values that are present throughout all of its activities. The selection of the values adopted by the Company occurred in the year 2010 through an extensive process of reflection that began with Upper Management and culminated in an event that included 1000 company employees. On this occasion, those present had the opportunity to discuss and, through consensus, decide upon the values that would guide all activities pertaining to the Grupo Agropalma. The values defined were: integrity, transparency, commitment, justice, respect, and recognition.

### 1.4.3. Mission

The mission of the Agropalma Group is to “produce and sell, in the domestic and international markets, vegetable oil and derivatives, guaranteeing the sustainable development of the business, generating profits and fulfilling the requirements of the various stakeholders”.

### 1.4.4. Commitment to sustainability

Agropalma Group declares its commitment to sustainability in a document entitled "Long Term Plan for Economic and Financial Sustainability," prepared by the Administrative and Financial Management Department and Socio-Environmental Responsibility Department, validated and approved by senior management.

The Group Agropalma declares in its Integrated Management Policy that it is committed to compliance with Brazilian legislation, which, among other things, clearly and objectively establishes the right to freedom of association, and the right to form and join unions and associations, without interference from the State or any member of society. Likewise, the Brazilian law prohibits any discrimination based on color, race, origin, disability, physical appearance, gender, religion, sexual orientation, political or trade affiliation, age, etc.

Considering the social and environmental accomplishments it seeks and its influential role in forming opinions among clients, competitors, partners, communities and other stakeholders, the Agropalma Group declares that it recognizes, respects and supports the right of individuals to organize and to join associations, unions and/or any other form of collective organization, for any legal purpose, including collective bargaining.

Additionally, the Agropalma Group declares that it does not accept, and even prohibits, that its employees engage in any form of discrimination, whether this be color, race, origin, disability, physical appearance, gender, religion, sexual orientation, political or trade affiliation, age, etc. This policy is highlighted in the Agropalma Group Employee Conduct Manual.

In addition, since 2002, the company has adopted a policy of only installing palm plantations in areas that were previously degraded by grazing or other agricultural activities, upholding its policy against deforestation in productive activities. In May 2010, the Brazilian government issued a decree establishing Agro-Ecological Zoning for the oil palm crop - Decree 7172, which defines the areas suitable for cultivation in Brazil. In this document, only degraded areas and areas that were deforested before 2007 are considered suitable. As such, Agropalma's production policy is now supported by Brazilian law that prohibits deforestation for the cultivation of oil palm.

#### 1.4.5. Historical and general characteristics of the enterprise

The Agropalma Group began operations in 1982. Under the first company formed - Companhia Real Agroindustrial S.A. (CRAI), Agropalma cultivated African palm in the municipality of Thailândia, Pará State, located 220 km South of Belém, where it extracted palm oil and palm kernel oil. The company was installed with the support of the Brazilian Federal Government, which, at that time, had a program of tax incentives for investment in development projects in the Amazon region.

In 1989, the Group acquired this company, which later became known as Agropalma, located near the CRAI, and which permitted the doubling of the Group's productive capacity. Later, two nearby areas were acquired, the AGROPAR (Companhia Agroindustrial do Pará) and Amapalma (Amapalma S/A).

Until 1997 the Agropalma group only produced crude palm oil. However, in the second semester of 1989, the Companhia Refinadora da Amazônia (CRA) was inaugurated. With the acquisition of this new company, the Group began palm oil and palm kernel oil refining activities, diversifying its product line by offering the market refined palm oil and kernel oil, as well as olein and stearin.

In 2000, the company Coacará was acquired, which later became known as Companhia Palmares da Amazônia (CPA), another producer of crude palm oil. At CPA a new strategy for plantation management was implemented, and organic certification was obtained. At present the company has 4,152 hectares of palm plantations under certification.

As part of the strategy to diversify production, improve product quality, and break into more demanding markets, in March 2002, the Unidade de Acondicionamento de Gorduras (UAG) was inaugurated, along with a margarine factory. In 2005, a biodiesel factory was inaugurated for the production of biodiesel from fatty acid residues of the refinery process. In 2010, biodiesel production was substituted by the production of esters. These factories are located in the same area as the refinery and their products are directed towards segmented markets.

In 2007, a group reorganization process was initiated and various companies that made up the Agropalma Group were merged into only two distinct legal entities: Agropalma S/A, which is an agricultural company that produces palm bunches; and Companhia Refinadora da Amazônia (CRA), which is an industrial company that extracts crude oil from palm bunches, refines palm and palm kernel oils, produces margarine and special esters, and also serves as commercial representative for all products produced by the Agropalma Group.

Currently the AGROPALMA group is the largest and most modern agro industrial complex for the production and processing of palm oil and palm kernel oil in Latin America, dominating the entire productive chain, from the production of seedlings through the production of margarine and special fats. It is responsible for approximately 75% of domestic production.

The company has an Integrated Management System (IMS) that, in association with the activities of the Socio-Environmental Administration, manages social (community relations, labor health and safety, human

resources), environmental and production aspects related to ISO 9001, ISO 14000, OHSAS 18001, EcoSocial, and Organic Certifications.

The company's activities are governed by the IMS Manual, which is composed of Standards for General Procedures (SGP), Standards for Specific Procedures (SSP) and Operational Routines (routine activities that need to be linked to an IMS or SGP). The model for this system of organizing documents can be viewed in **document 02 ANNEX 04**. However, the IMS Manual and a specific example of Procedures were not attached due to confidentiality concerns.

Within its policy of continuous product quality improvement and social and environmental performance of its activities, the Group has invested in the control and optimization of processes, and has obtained ISO 9001, ISO 14001 and OHSAS 18001 certifications, making it the only producer of palm oil in the world holding all three of these certifications for all of its activities. In 2008, the Group also obtained EcoSocial Certification - Fair Trade – for palm bunches produced by the Palmares Farm (organic sectors), oil extraction by CPA and oil refining by the CRA.

The Group Entities included in this Certification Unit possess approximately 107 thousand hectares of land, of which 64 thousand hectares are forest reserves and 39.5 thousand are planted to palm oil. The enterprise has a total of 4,204 employees (as per January/2011), hired under a system of CLL (Consolidation of Labor Laws). Within its lands, the company has four agro villages, made up of approximately 300 residential units and 15 dormitories, in which approximately 2,500 people live. Employees that do not reside in Company buildings live in the cities of Abaetetuba and Moju, as well as in rural villages surrounding the farms. They return to their homes every day after work by way of transport provided by the Company.

In general, Agropalma employees are distributed as described in **Table 01**.

**Table 1: Employees by Company Sector.**

UNIT	MEN	WOMEN	TOTAL
EMPLOYEES WITHIN THE AGRICULTURAL DEPARTMENT (Agricultural production, Pest control, Implantation, Fertilization)	2843	331	3174
EMPLOYEES WITHIN THE INDUSTRIAL DEPARTMENT (Industrial production, Industrial Maintenance, Vehicle Workshop)	775	61	836
EMPLOYEES WITHIN THE ADMINISTRATIVE DEPARTMENT (Human resources, Infrastructure, Socio-environmental Responsibility)	92	102	194
<b>TOTAL</b>	<b>3.710</b>	<b>494</b>	<b>4.204</b>

#### 1.4.6. Description of Supplier Chain:

Agropalma works with two supplier categories - Family Farmers and Integrated Producers..

##### a) Family Farmers:

The program of family farming for cultivation of palm oil by Agropalma began in 2002, in the community of Arauaí, located in the municipality of Moju, with a total of 50 participating families (**Table 02**). In subsequent years more families were included in the project, which reached a total of 185 families in 2006, remaining steady ever since.

**Table 2 – Families registered by the association of family farmers in the Municipality of Moju, Pará Brazil.**

Year	Communities	Families
2002	Arauaí	50
2004	Soledade	50
2005	Arauaí	50
2006	Incra	35
<b>Total</b>		<b>185</b>

Virtually all families work in lots of 10 acres belonging to the workers association, with the exception of the families that are part of the land settlement project, Calmaria II, owned by INCRA, whom cultivate only 6 hectares of palm. In common among all families is a livelihood based on subsistence agriculture including the cultivation of manioc, beans, rice and corn, guaranteeing a minimum wage for nearly a full day's work in the field. Today, with the cultivation of oil palm, the monthly income of workers has increased significantly, reaching a monthly average of R \$ 1,912.66, with some farmers receiving an average of R \$ 813.00/month and others receive as much as R\$ 3,264.00 /month (Table 03). This income difference results mainly from individual cultivation skills, which reflect in plantation productivity.

**Table 3. Productivity averages and profitability for the 50 families from the Arauaí community. Plantations established in 2002, in the State of Pará, Brazil.**

Production levels	2008	2008	2009	2009	2010	2010
	Production (TON)	Production Value (R\$)	Production (TON)	Production Value (R\$)	(1° semester) Production (ton)	(1° semester) Production Value (R\$)
Maximum	198	39,177.00	200	33,392.00	135	27,378.00
Medium	156	31,350.00	137	22,952.00	94	18,773.79
Minimum	102	20,404.00	59	9,766.00	28	12,882.00
% Variation*	48.48%	47.91%	70.5%	68.87%		

\* Variation between maximum and minimum levels of bunch production for palm oil is obtained by: % Variation =  $(V_{max} - V_{min}) * 100\% / (V_{max})$ , where  $V_{max}$  is the Value for maximum production and  $V_{min}$  is the value for minimum production obtained by the small family farmers, respectively.

Currently, AGROPALMA pays R\$ 215.00 per bunch ton. This value corresponds to 12% of the crude palm oil value in the international market. The contract establishes that the Company should pay at least 10%. In addition to this amount, each farmer may receive bonuses or reductions up to 8%, in accordance with criteria linked basically to the way in which the farmers manage their areas:

Two harvests per month;

- Pruning;
- Topping and fertilization;
- Quality of bunches delivered to the extraction industries.

Small farmers sign a contract with the company for 25 years, which is the productive cycle for the palm. Following this period, these producers receive title to the land and can decide if they would like to continue working with palm cultivation or not. There are basically three (3) clauses within the contract that guarantee the substitution of these farmers by others, when farmers do not observe the following criteria:

- I) Delay of sixty (60) days in harvest activities;
- II) Delay of more than twelve (12) months in carrying out pruning and topping activities;
- III) More than a thirty (30) day delay in fertilization, following arrival of the fertilizer at the plantation.

The association must substitute these farmers for others. During this transition, the company may assume the responsibility for managing the plantation for a maximum period of 45 days.

The producers' debt with the company can be summarized as basically debt from fertilizer, the value being discounted monthly from payments made to producers.

b) Integrated Producer:

The Agropalma Group maintains partnerships with 47 integrated producers. As with the Family Farmer, trainings are carried out with the producers regarding topics such as health and safety in the workplace, and crop management techniques, among others.

The company finances all the costs of plantation installation and, after the 5<sup>th</sup> year, the independent producer begins payment on this debt through percentage payments that reduce yearly. The main advantage for the integrated producer is the business guarantee, since he has a fixed buyer for 25 years.

During the audit, three suppliers were interviewed. These were satisfied with the contracts, mostly because of the security offered by the 25-year purchase guarantee. Producers indicated that there was some mistrust at the beginning due to doubts as to the viability of the business. This was based on the fact that palm cultivation has traditionally been associated with large producers. However, the contractual arrangement with Agropalma has received a positive response from family farmers and integrated producers. The interviewed producers indicated that satisfaction is widespread among the producers, all of whom work under the same contractual basis.

During the audit, 2 family farmers and one integrated producer were interviewed, with the intent of obtaining declarations regarding the relationship between Agropalma and producers. Visits were not made to the supplier areas, since these were not included in the scope of this first RSPO audit.

## 1.5. Characterization of the productive base

### 1.5.1. Agriculture and Industrial Production

The fresh fruit bunches (FFB) are produced on 12 farms, grouped in eight management units, called Agricultural Departments (see **Table 04**).

There are four agro industries for the oil extraction of crude palm oil (CPO) and palm kernel oil (PKO), belonging to the Agropalma Group, located in two different municipalities. The CRAI/AGROPAR, Agropalma and Amapalma are located in the municipality of Tailândia. The CPA is located in the municipality of Acará (**Table 04**).

The production estimates for 2011 for own areas are 655,030 tons of FFB, 125,793 tons of CPO and 12,025 tons of PKO. The production from suppliers is not included in this year's certification given that these were not



included in this audit scope. The palm oil and palm kernel oil from the FFB produced by suppliers is indicated in **Table 05** as uncertified (see more details in **Doc 03, ANNEX 4**).

**Table 4. Own Production Units (FFB)**

AGRICULTURAL MANAGEMENT DEPARTMENT	FARMS	MUNICIPALITY GEOGRAPHIC COORDINATES	TOTAL AREA (ha)	FOREST RESERVES (ha)	PLANTED AREA (ha)	PRODUCTIVE AREA (ha)	PRODUCTION ESTIMATE FOR 2011 (ton/ha)	PRODUCTION ESTIMATE FOR 2011 (ton)
Department I	CRAI	Tailândia - 2°31'41" / -48° 47'18"	11,038.00	5,500.00	4,858.95	3,912.45	25.76	100,800
Department II	AGROPALMA	Tailândia - 2°32'57" / -48° 43'50"	11,957.00	4,798.00	5,269.72	4,850.11	21.59	104,700
	ZILMAR	Tailândia - 2°36'23" / -48° 40'50"	3,600.00	3,600.00				
Department III	AGROPALMA	Tailândia - 2°34'47" / -48° 49'35"	11,996.00	4,711.00	6,901.27	6,901.27	25.82	178,200
Department IV	AMAPALMA	Moju - 2°39'11" / -48° 54'15"	11,790.84	5,958.00	4,954.35	4,954.35	19.28	95,500
Department V	PALMARES (CONVENTIONAL)*	Acará - 2°21'12" / -48° 41'16"	12,118.77	8,516.53	6,186.17	5,937.90	17.68	105,000
	GALILÉIA	Tailândia - 2°29'32" / -48° 43'37"	3,156.95	1,498.00				
	TREVO	Tailândia - 2°27'37" / -48° 43'43"	3,237.30	1,680.00				
Department VI	PALMARES (ORGANIC)*	Acará - 2°15'12" / -48° 37'29"	16,497.17	11,593.47	4,132.36	2,932.36	20.15	59,100
Department XV	CASTANHEIRA	Tailândia - 2°35'48" / -48° 34'36"	4,471.76	2,224.74	4,144.32	2,248.85	3.18	7,150
	SEMPRE ALEGRE	Tailândia - 2°34'57" / -48° 31'09"	5,206.00	4,565.84				
Department XVI	RODA DE FOGO	Tailândia - 2°29'41" / -48° 37'44"	4,526.32	2,252.84	3,115.15	1,534.97	2.96	4,580
	PARAISO DO NORTE	Tailândia - 2°33'16" / -48° 38'44"	7,963.81	6,325.43				
<b>Total</b>	<b>12 Farms</b>	<b>3 municipalities registered</b>	<b>107,559.91</b>	<b>63,223.85</b>	<b>39,562.29</b>	<b>33,272.26</b>	<b>-</b>	<b>655,030.00</b>

**Table 5. Crude oil extraction units (CPO & PKO).**

NAME	MUNICIPALITY GPS coordinates	SUMMARY OF PRODUCTION (Ton/yr)					
		Certified crude oil (CPO)	Certified Palm Kernel (PK)*	Certified palm kernel oil (PKO)	Crude oil not certified (CPO)	Palm Kernel not certified (PK)*	Palm kernel oil not certified (PKO)
CRAI / AGROPAR	Tailândia 2°31'32" / - 48° 47'43"	125,793	44,215	12,025	16,094	5691,79	1,548
AGROPALMA	Tailândia 2°32'36,03" / - 48° 41'26,14"						
PALMARES	Acará 2°15'02,98" / - 48° 45'09,85"						
AMAPALMA	Tailândia 2°31'32" / - 48° 47'43"						

\* based on laboratorial analysis (average PK = FFB x 6,75%)

### 1.5.2. Land tenure situation

The Agropalma Group began acquiring properties in 1982, as presented in detail in **Doc. 04, ANNEX 01**. All the farms have titles under the company's name. None are the subject of land ownership disputes.

**Table 6. Land tenure of own properties**

FARM (Municipality or GPS coord.)	AREA (ha) Actual	LAND TENURE SITUATION (check with X)		
		No documents	In Progress (Registry with INCRA, possession)	Complete documentation (Final Title, Public Purchase and Sale Records, Registry in Public Title Office)
Amapalma	11,790.8375			X
Palmares	28,615.9435			X
Agropar	11,996.0000			X
Galileia	3,156.9452			X
Paraiso do Norte	7,963.3900			X
CRAI	11,038.0000			X
Trevo	3,237.3000			X
Agropalma	11,957.0000			X



Zilmar	3,600.0000			X
Castanheira	4,471.9600			X
Roda de Fogo	4,526.3188			X
Sempre Alegre	5,206.0000			X
<b>TOTAL</b>	<b>107,559.6950</b>			X

### 1.5.3. Social Aspects

Employees are contracted under a CLL scheme (Consolidated Labor Laws). The daily work schedule starts at 7 a.m. and ends at 3 p.m., with an break of 1 hour for lunch. The majority of the employees are associated with the Rural Workers Union of Tailândia, which negotiates with the company through Collective Agreement. Bunch harvest occurs almost every year. However, there is a characteristic increase in production during the months of September, October, and November - harvest season, when the company must hire extra employees. Historically, Agropalma has hired between 600 and 700 additional employees during this season, which, at the end of the harvest, created a large number of layoffs. Currently, the company has been able to reduce this number to 70 employees, minimizing the number of layoffs and consequently the migration of people to the production regions. Within its properties, the company has 4 agro villages, with approximately 300 family homes and 15 dormitories, in which 2500 people reside. In addition to the employees in the agro villages, other workers come from the communities located around the farms and from nearby cities.

The company offers a school within the Agropalma Agro Village, making formal quality education available at the pre-school, elementary school and middle school levels for children or dependents of company employees, whom live in the agro villages located within the company farms. The school is free, and uses the Positive System of education, offering 280 slots in the morning, 245 slot in the afternoon, and 140 slots at night. The company provides meals to workers at an average value of R\$1.20 per meal.

The company developed and implemented the OHMSP – Occupational Health and Medical Surveillance Program and the ERPP – Environmental Risk Prevention Plan, two programs that guide actions in the area of health and safety. The OHMSP defines the schedule for all employee medical exams, and the ERPP determines the occupational risks present in the work place, specifically the origin of such risks, and the ways in which these can be eliminated or reduced. The company records Work Accidents, and compiles statistics for indicators such as sick leave, (average 32 indicated as good by the ILO), sick without sick leave (average 41 indicated as regular by ILO), serious with lost days (value always less than 500, considered very good by ILO). This data is recorded in the Monthly Consolidated Report produced by the Human Resources Department (**Doc. 03, ANNEX 1**).

For work carried out in the field, the company provides shelters for meals in conformity with Brazilian legislation, including bathrooms, water, soap, and towels for employee personal hygiene. Employees are transported to the work fronts in company vehicles, maintained in good condition and that contain separate compartments for transporting tools.

The company carries out trainings for employees and offers safe conditions for carrying out activities, making sure that each employee receives appropriate IPE – Individual Protective Equipment.

The Agropalma Group acquired its first farm in 1982. All the farms are legally registered (final titles, and registrations) and contain registered, intact Legal Forest Reserves, as required by law. Documentation shows

the land tenure history of the properties and the inexistence of land conflicts, demonstrating conformity of the properties (document control for company properties — **Doc. 04. ANNEX 1**).

The Agropalma Agroindustrial Complex is surrounded by 27 communities, such that some of these are directly influenced by the presence of the company, above all with regards to the demand for resources and services ( **pg. 25, Doc. 7, ANNEX 1**). The region has relevant social and environmental problems, which were studied and mapped by the Peabiru Institute, at Agropalma's request (**Figure 4**). The company has sought to interact in a positive way with surrounding communities, stimulating local development through, for example, the inclusion of 185 family farmers as suppliers of FFB and through proactive development of Agenda 21 for the Palmares Community, which is the closest community and most influenced by the company's activities.

#### 1.5.4. Environmental Aspects

In Brazil, the activities classified by the legislation as being "potential agents of environmental impact" must obtain an Environmental License, which, depending on the nature and size of the impact, is issued at the Municipal, State, or Federal level. The agro-silvo-pastoral activities carried out on properties above 2,000 hectares within the State of Pará, as well as industrial activities, must obtain licensing from the State Agency. In this state, the licensing process is generally carried out in the following order, which may be modified for each type of project:

- Pre-License: The Company presents a report describing all the environmental impacts that will be caused by its activities, as for example: the need for deforestation, use of water resources, effluent discharge, and generation of residues, among others. For each impact, a control measure is presented, which will be evaluated by the government agent. If the impact is considered acceptable, the company receives an initial document call the Pre-License.

- Installation License: In this phase, a detailed project must be submitted that provides information as to how each environmental impact will be controlled, including parameters and control measures to be used. If the government agent writes up a favorable report regarding the measures to be adopted, the company receives the Installation License and its construction and installation activities can begin.

- Operational License: when installation is complete, the environmental agency's technicians visit the site to verify if the control measures were effectively implemented and, if so, the company receives the Operational License, which authorizes it to begin productive activity. The license is generally valid for 5 years. The company is audited once a year by agents from the governmental environmental agencies, who verify implementation of control measures in compliance with the proposed plan.

For all environmental licenses, the environmental agency establishes conditions that should be fulfilled in order for the process to continue on to the next step.

As evidenced by the file numbers presented in **Doc 01, do ANNEX 2**, the farms Palmares, Amapalma, Agropar, Crai and Agropalma are in the process of renewing their Environmental Licenses (company requested renewal before expiration of the current license and is awaiting a final report from the government). The Farm Fazenda Zilmar is registered with the notary office as being composed entirely of 100% Forest Reserves and, as such, does not require an Environmental License for rural activity. The farms Roda de Fogo, Castanheira, Sempre Alegre I and II and Paraíso do Norte have current Environmental Licenses.

The company's environmental team informed auditors that Licensing for the Trevo Farms is tied to the Licensing of the Crai Farm, and the Galiléia License is tied to the Fazenda Agropalma. At the time of audit, no hard evidence was presented to demonstrate this linkage of licensing processes. However, this information was sent following field work. Agropalma has already initiated the process for registering the farms with the state Rural Environmental Registry - RER as a consortium, integrating Farm Agropalma with Galiléia (Process 2006/104128, on 05/12/2011 – **Doc 06, ANNEX 2**) and Farm Crai with Trevo (Process 2006 / 296823 – **Doc. 07, ANNEX 2**). In Brazil, the Environmental License of Rural Properties is regulated by the CONAMA Resolution no. 378 (National Environmental Commission) and by correlated State Law. In the State of Pará, where the Agropalma Group farms are located, the State Decree 1148, from 7/17/2008, establishes in article

2º that the Environmental License will not be granted for rural properties that are not registered in the RER – PA (Rural Environmental Registry for the State of Pará). The properties will only be evaluated for conformity with environmental regulations once registered and, only then, will they be able to apply for Licensing (except in cases in which licensing was granted before this Rule was published).

The evidence presented following audit indicates that the farms Galiléia and Trevo are registered with the RER in conjunction with the farms Agropalma and CRAI, respectively. As such, the process for environmental legalization has begun, but the farms have not yet received their environmental licenses, even though these farms have been in operation since 2001 and the RER has been a requirement in this state since 2008. The Agropalma and CRAI farms, which filed a request for renewal before expiration of their current licenses, were considered to be in conformity. The Farms Galiléia and Trevo have yet to receive their environmental licenses, although the file numbers for registry in the RER were presented.

When the Rural Environmental License is issued to a given property, the state environmental organization is attesting to the property's conformity with legislation with regards to the planting plan, forestry management and other environmental aspects inherent to the productive activity. In the case of the Galiléia and Trevo farms, no Final Report from the State was issued. In other words, they have still not received their Environmental Licenses and, as such, the process is not complete. However, IBD considered this to be a minor Non Compliance in relation to criterion 2.1. Even though this is a compulsory criterion, the Non Compliance is considered Minor, rather than Major, due to the fact that the process for licensing has been initiated through filing with RER.

All the Industrial Units have Environmental Licenses issued by the Environmental Agency and the Licenses for the Agropalma and Palmares Units are in the renewal process.

**Table 7. Environmental Situation for own agricultural production units.**

FARM	Licensing		
	Without License	In Progress	License obtained
Amapalma			X
Palmares			X
Agropar			X
Galileia		X	
Paraiso do Norte			X
CRAI			X
Trevo		X	
Agropalma			X
Zilmar			Farm registered as 100% Legal Reserves
Castanheira			X

Roda de Fogo			X
Sempre Alegre			X

**Table 8: Environmental Situation of the Industrial Production Units.**

Units (Municipality / GPS Coord.)	Licensing		
	Without License	In Progress	License obtained
<b>CRA AGROPALMA</b>			X
<b>CRA PALMARES</b>			X
<b>CRA CRAI/AGROPAR</b>			X
<b>CRA AMAPALMA</b>			X

Since 2002, the Agropalma Group has implemented a policy of no deforestation for the implementation of palm plantations. Since this time, all new plantings have been carried out in areas previously degraded by anthropic pressure – pasture and agriculture. During the audit, a satellite image from 2006 was presented, modified to show planting dates for each farm since initial start-up of the company (*vide Maps in ANNEX 2, Docs. 02 and 03*). The table below shows that the last deforestation occurred in 2001 in an area of 687.72 hectares. Since 2004, when the Company initiated its participation in the RSPO, a series of social and environmental studies and diagnostics have been concluded, including those necessary for the establishment of new plantings carried out in November of 2005. (*Docs 14 e 15, ANNEX 1*).

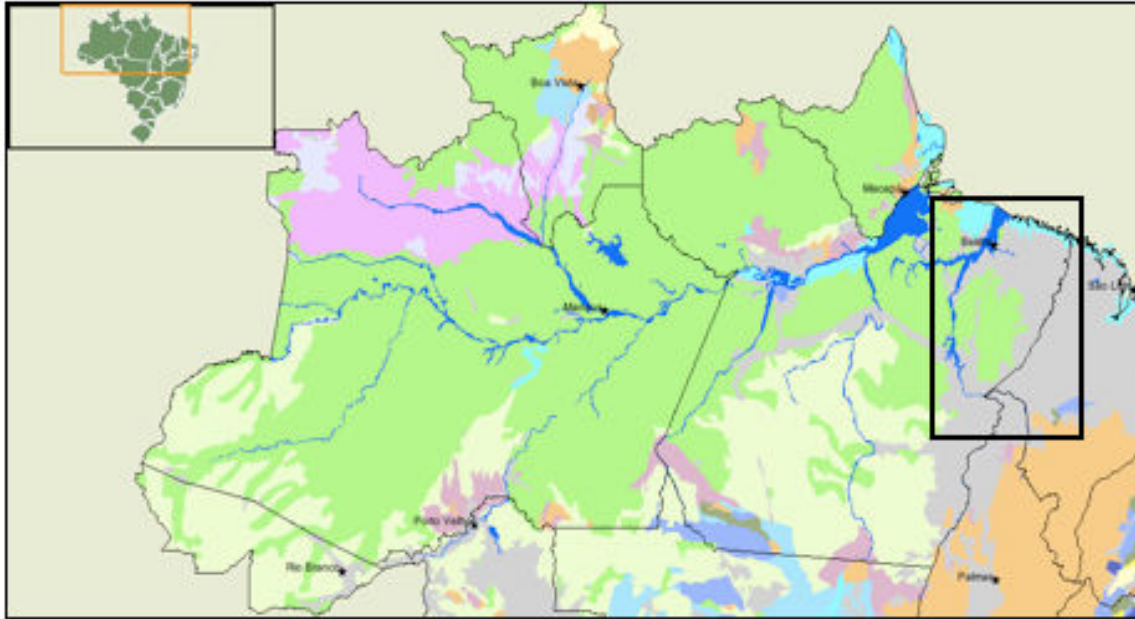
Ano Plantio	Área (ha) Plantado/Departamento								Total de Plantios do ano (ha)	Vegetação Precedente (ha)			Ano Deflorestamento
	I	II	III	IV	V	VI	XV	XVI		Floresta	Antropizada	Replanteio	
1983	---	776,56	---	---	---	---	---	---	776,56	---	776,56	---	---
1984	---	2.195,45	---	---	---	---	---	---	2.195,45	2.195,45	---	---	1983
1983	908,52	218,60	---	---	---	---	---	---	1.127,12	908,52	218,60	---	1984
1986	665,87	---	---	---	248,27	---	---	---	914,14	914,14	---	---	1985
1987	458,50	---	---	---	---	---	---	---	458,50	458,50	---	---	1986
1988	1.437,06	---	---	---	---	1.220,00	---	---	2.657,06	1.355,06	1.302,00	---	1987
1989	276,36	---	---	---	---	713,73	---	---	990,09	235,27	754,82	---	1988
1990	---	---	---	---	---	453,62	---	---	453,62	453,62	---	---	1989
1991	97,06	297,67	---	---	---	---	---	---	394,73	---	394,73	---	---
1992	69,08	323,10	211,40	---	---	---	---	---	603,58	---	603,58	---	---
1993	---	648,33	---	---	---	---	---	---	648,33	648,33	---	---	1992
1994	---	674,52	---	---	---	---	---	---	674,52	539,62	134,90	---	1993
1995	---	---	1.289,16	---	---	---	---	---	1.289,16	1.131,16	158,00	---	1994
1996	---	---	2.079,18	---	---	612,94	---	---	2.692,12	2.385,65	306,47	---	1995
1997	---	---	1.126,44	---	---	---	---	---	1.126,44	1.126,44	---	---	1996
1998	---	---	669,30	691,34	---	---	---	---	1.360,64	777,30	583,34	---	1997
1999	---	---	1.525,79	393,89	---	---	---	---	1.919,68	1.525,79	393,89	---	1998
2000	---	---	---	3.018,58	---	899,60	---	---	3.918,18	929,60	2.988,58	---	1999
2001	---	---	---	850,54	2.955,84	252,47	---	---	4.058,85	1.667,13	2.391,72	---	2000
2002	---	---	---	---	2.838,56	---	---	---	2.838,56	687,72	2.150,84	---	2001
2003	---	---	---	---	83,53	---	---	---	83,53	---	83,53	---	---
2006	---	---	---	---	---	---	434,06	---	434,06	---	434,06	---	---
2007	---	---	---	---	59,97	---	---	408,95	468,92	---	468,92	---	---
2008	---	---	---	---	---	---	1.814,79	1.138,02	2.952,81	---	2.952,81	---	---
2009	---	---	---	---	---	---	1.510,54	1.459,14	2.969,68	---	2.969,68	---	---
2010	946,60	135,49	---	---	---	---	385,03	109,04	1.576,16	---	494,07	1.082,09	---
Total	4.859,05	5.269,72	6.901,27	4.954,35	6.186,17	4.152,36	4.144,42	3.115,15	39.582,49	17.939,30	20.866,16	1.082,09	---

**Figure 3. Planting Year and Dates of Recent Deforestation**

New Planting Procedures (NPP) were reviewed in this audit. However, none of the plantings carried out by the Agropalma Group fall under the requirements of this document. The Agropalma Group established 494.07 hectares of new plantations in January and February of 2010. The areas used for new plantings were already under the ownership of the Agropalma Group and no issues with property tenure were detected during the audit or during the public consultation. These areas were in pasture, as registered in the socio-environmental impact reports. According to the document "Detailed Process and Action Steps for RSPO New Plantings Procedure", page 1, note iii, "In the case where the company has uncontested ownership over the land and continuous management, conversion from a previous crop will not be included in this process unless such conversion is also deemed "new planting" by National Interpretation", the above mentioned planting is not included in the NPP. It should be noted that the environmental licenses that authorized these plantings were issued before January 1, 2010, and were published in a widely circulated newspaper as required by Brazilian legislation. It should also be noted that two social and environmental impact studies, as required by Principle 7 of the RSPO P&C, were finalized in March, 2008 and September, 2009.

In the Amazon region, endemic species are found and some of these are under threat of extinction. Basically, eight (8) centers of endemism were found in the Amazon: Guiana, Imeri, Inambari, Rondônia, Napo, Tapajós, Xingu and Belém. These centers are divided in accordance with geographical borders formed mainly by rivers, causing isolation of some populations. Agropalma is located in the center of endemism Belém, located between the right margin of the Tocantins River and the right margin of the Gurupi River (**Figure 04**).





**Figure 4. Center of Endemism Belém (Source IBGE 2011)**

The Center of Endemism Belém is the most degraded region in the Brazilian Amazon. According to data produced by the NGO Conservation International, more than 75% of its original vegetation has already been destroyed and the anthropic pressure has increased in recent years, mainly due to livestock and wood harvesting activities.

The environmental situation for areas adjacent to the Group's farms is not any different from the general situation of the Center of Endemism Belém. The main environmental problems are related to illegal exploration of wood and irregular land use, employed mainly for pasture and subsistence crop production. Untouched primary forests are rare, since all have already been exploited with certain intensity. The occurrence of clandestine charcoal in this region is common.

In 2009, a study was carried out by the University of Montpellier in France, with the objective of surveying and characterizing the biodiversity of the flora present in the interior of the palm plantations. The study identified 193 species of plants within the palm plantations belonging to the Agropalma Group and concluded that these palm plantations contain an intermediate level of biodiversity, in-between that found in pasture areas normally used for new plantings and adjacent forests. (**Doc 04, ANNEX 2**).

The agricultural chemicals used by the company include primarily roundup and acephate, used within a system of integrated pest management for pest control, which has tended to contribute to an increase in fauna biodiversity. No specific study of wildlife presence in planting areas has been undertaken as of present. However, in 2004, Agropalma, in partnership with the University of São Paulo, initiated a survey of fauna in the Agropalma forests, in which some endangered species were found. The survey recorded a total of 346 bird species, 7 of which are endangered, as well as 27 mammal species, 5 of which are endangered. In parallel, the NGO Conservation International carried out a wildlife census in Agropalma forests, and determined that these have high conservation value at the local and regional levels. In this study, focused on the Forestry Reserves, 12 endangered species listed by IBAMA (Brazilian Institute for the Environment) and by SEMA (State Environmental Secretary) were registered. The majority are considered endangered, with exception of the species ararajuba (*Guarouba guarouba*), which is considered threatened on both lists, as well as on the list published by IUCN (International Union for Conservation of Nature) that considers this species to be a global endangered species; and the araçari de pescoço vermelho (*Pteroglossus bitorquatus bitorquatus*), classified as threatened on the national list and as endangered on the Pará list. Some mammals were also found that are included on the SEMA threatened species list. These include the Flag Anteater, Giant

Armadillo, Jaguar, Cougar; and even critically endangered species such as the Black Bearded Saki and Ring-Tail Monkey. The Ocelot and Margay were also found, considered threatened species by IBAMA.

The enormous richness of species has resulted in intensive predatory hunting and wild animal trafficking, a common problem in the region. Agropalma maintains 37 forest rangers and 2 inspection agents, coordinated by a company manager, who is in charge of reducing illegal deforestation, hunting and capture of animals within the Group's forest reserves. Occurrence records and follow up actions taken by the security team can be found in **Doc. 05 do ANNEX 1**.

The Permanent Preservation Areas within the company's farms are degraded (without reconstituted natural vegetation) along the streams. In 2005, a Recovery Plan for these areas was developed and registered with the State Environmental Agency, in which it was determined that these areas would be marked and untouched in order to stimulate natural regeneration. At the time, 750 hectares were identified for recovery. However, in 2005 and 2006, new areas were acquired and another 16 hectares of degraded PPA was identified. A new project was registered through the environmental agency and the two projects are being monitored by the state. The Brazilian Forestry Code establishes that the width of riparian forest along rivers that are 10 meters wide or less should be 30 meters. The auditors identified that in some parts of the PPA, the area marked by the company was determined to be less than the 30 meters required by law. Considering that the company is managing the PPAs, including under the supervision of the State Environmental Agency, the non compliance related to criterion 4.4 – indicator of riparian areas- was considered minor by IBD, even though it is considered a compulsory criterion. The company will need to show conformity with this indicator at the monitoring audit.

When planning the activities for the Agricultural Sector, the topography of the region is considered and crop management activities are developed with soil conservation in mind, as evidence by the use of a *Pueraria phaseoloides* ground cover. As a result, erosion in planting areas is nearly inexistent. However, in some parts of the PPA, near rivers that were visited by the auditors, laminar erosion was identified, resulting in a minor non compliance for criterion 4.3.

The company has a good water use monitoring program for the processing units (**Doc. 05, ANNEX 4**). Industrial effluents are stored in a stabilization/decantation lake and later applied to the planted fields, distributed on top of piles of organic material. An effluent application plan exists (**Doc. 06, ANNEX 4**) and is implemented. The company monitors the effect of this practice on soil and superficial or subterranean water contamination. The analysis carried out at the entry and exit points of the decantation lake show that this system has a low capacity for treatment of effluents, being lower than 20%. At all four lakes visited there was a bad smell, which also occurred in some fields where effluent was applied. A low capacity for drainage in these fields resulted in the accumulation of effluents. There is room for improvement in this area (effluent management). However, current methods have been approved by the state environmental agency.

The solid residues resulting from the industrial process are reutilized in agriculture as an organic input. Bunches without fruit and shells are spread out in a windrow composting system within the fields. With the high rainfall index and rich local microbiology, this material is decomposed rather quickly. Dangerous residues, such as grease, oil, and agrochemical packaging, are adequately discarded, in accordance with current legislation. There is opportunity for improvement in the containment of the domestic solid residue that is produced by the residences and field shelters, so as to not cause risk to the environment and to human health. A few trash bins without lids and an open bag containing mixed trash were observed, providing a potential shelter for the development of disease agents. The auditors considered this point to be a minor Non Compliance, related to criterion 5.3.

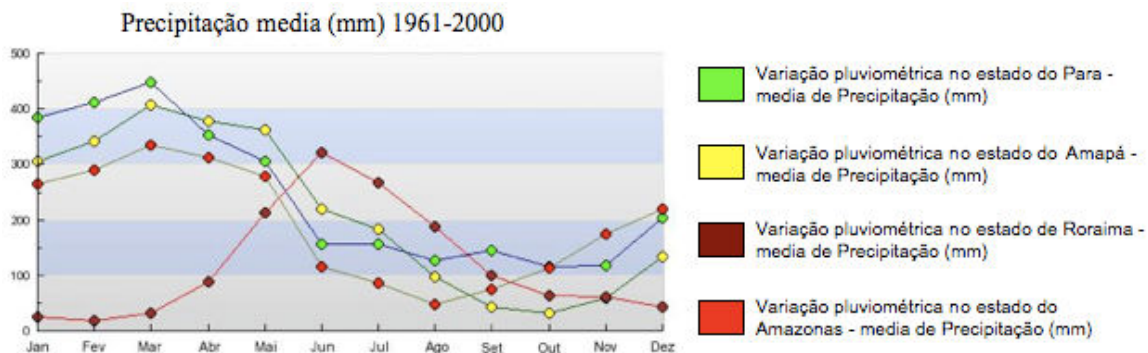
Near the machine workshops there is a gasoline station licensed by the state environmental agency. However, as observed by the environmental auditors, there is no monitoring station for evaluating potential contamination from oil leakage and there are no retention gutters around the pumping stations, in violation with Resolution CONAMA (National Environmental Advisory) 237 from 2000. Given that the station is licensed and complies with other environmental and safety standards, IBD considered this to be a Minor, rather than

Major, Non Compliance, related to criterion 5.6. See Environmental License for Gasoline Station in **Doc. 01, ANNEX 02.**

## 1.6. Productive System

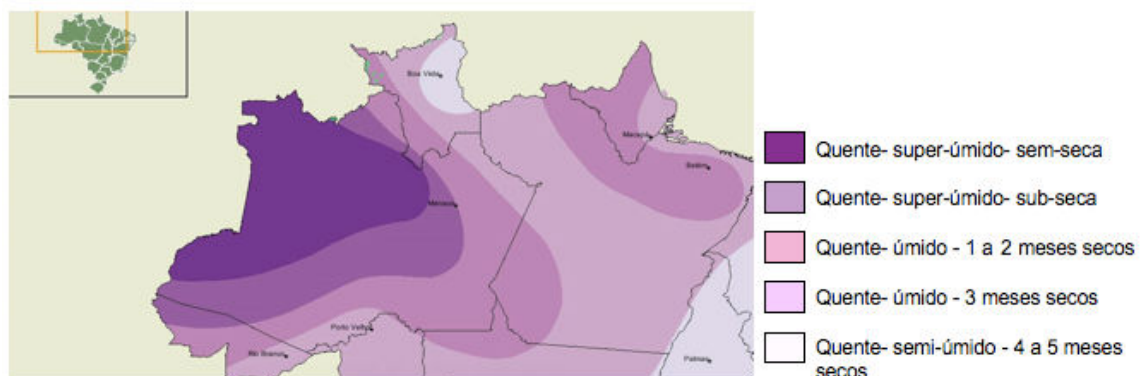
### 1.6.1. Climate

The Amazon region's climate results from the combination and interaction of various factors, the most important being the availability of solar energy, which varies with the season and cloud cover. As a result, temperature differences reflect in different evapotranspiration and precipitation rates, which vary throughout year. (**Figure 05**).



**Figure 5. Variation in average precipitation (mm) for the main states in the Brazilian Amazon (IBGE 2011)**

With regards to precipitation, the Amazon region receives an average of 2200 mm. yr<sup>-1</sup>, reaching over 3000 mm in some regions that do not experience dry periods (**Figure 06**). Basically there are two seasons in this region; one, which consists of more intense rains and runs between November and March – winter, and the other, the dry season, which runs from May to September – summer.



**Figure 6. Main climate subdivision in the Brazilian Amazon (IBGE 2011)**



Specific to the state of Pará, using the Koppen classification, three sub-type climates are identified (“Af” , “Am” and “Aw”), specific to a rainy tropical climate with average temperatures above 18° C. This classification varies with the average monthly and yearly precipitation. The "AF" type has a rainy month with precipitation equal to or greater than 60 mm. The “Am” type has a moderate dry season, with average monthly precipitation less than 60 mm. the “Aw” climate has a dry winter that is well defined and average monthly precipitation less than 60 mm.

At AGROPALMA, in accordance with the Koppen classification, the climate is classified as “Ami”.

**A:** magthermal climate, with average monthly low above 18 °C, no winter season, and high annual precipitation (above potential yearly evapotranspiration);

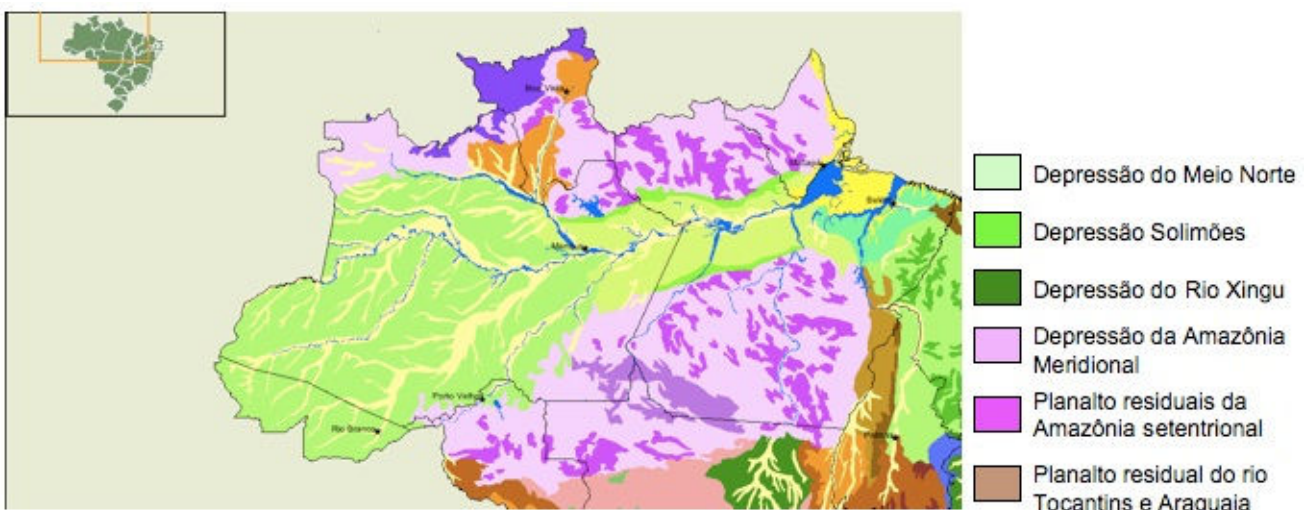
**M:** annual average total precipitation above 1.500 mm and a short dry season;

**I:** thermal amplitude less than 5 °C between yearly monthly averages.

The average annual temperature is 26 °C, with an average monthly minimum of 25 °C and maximum of 27 °C. The maximum temperature during the day reaches, on average, between 31 and 33 °C. The average annual relative humidity of the air is 80%, with an average minimum of 75% and average maximum of 89%. The annual average precipitation fluctuates around 2.500 mm. The rains concentrate between the months of January and June, with a small dry period that occurs between September and November. The total annual insolation is 2,092 hours, with a monthly average maximum of 243 hours and minimum of 106 hours.

### 1.6.2. Topography

The Amazon is very heterogeneous, with variable topography and soil conditions (**Figure 07**). However, some regions can be characterized a large planalto of equatorial lands, forming a vast plain, located between Guayana Massif and the first degrees of the Central Plateau, East of the Andes. It is divided by the equator, leaving the smaller and most rugged part of the region in the Northern Hemisphere.



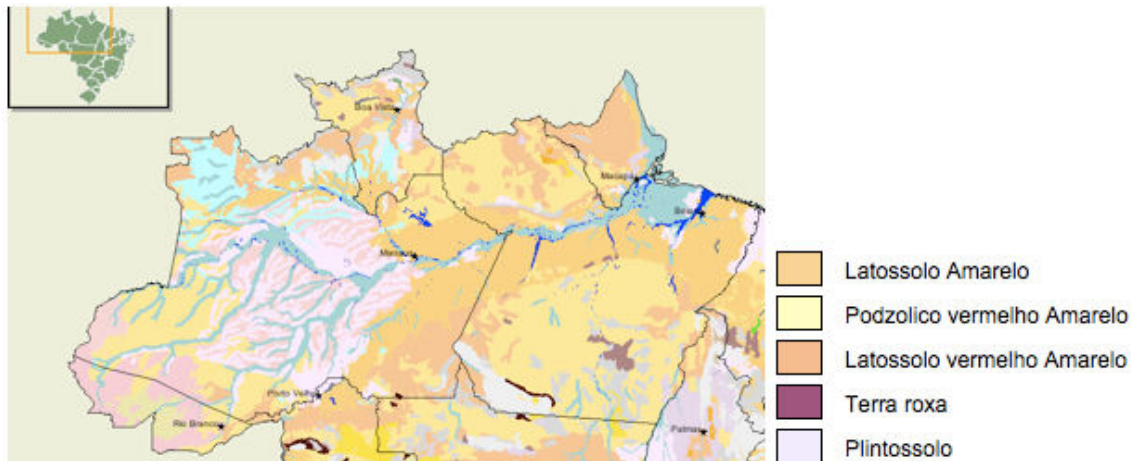
**Figure 7. Maps with the principal reliefs found in the Brazilian Amazon (IBGE 2011)**

In the central region of the Amazon Basin, topography is strongly correlated to soil texture and several authors have suggested that these factors are the most influential with regards to plant species distribution and community structures, in local and region scale. However, a more precise study on Amazon topography has still not been undertaken, such that each operation or company carries out its own individual study. In the

Municipalities where Agropalma is located, the relief is characterized by relatively flat areas (0 to 3%), with slight inclination near the streams and other water courses.

### 1.6.3. Soils

Among the large diversity of soils in Brazil, the class that occurs most frequently is the latosols. These soils occur in areas of gentle slope, noted for being mostly acidic and of low fertility. Their differentiation occurs by their color, in accordance with the level of iron oxide. The principal soils found in Pará are the latosols, with their variations, as well as the podzolic soils (**Figure 08**).



**Figure 8. Principal types of soil found in the Brazilian Amazon (IBGE 2011)**

The types of latosols most found in the state of Pará are the Yellow Red Latosol, Yellow Latosol and Purple Latosol. The Yellow Red Latosol occurs in the Northeast, Southeast and Southwestern regions of the State, characterized by low natural fertility and base saturation, with variable texture. The Yellow Latosol is the type of soil most found in Belém and nearby areas, as well as in the northeastern part of the State, Lower Amazon, characterized by PH that varies from acid to very acid. Lastly, the Purple Latosol, which is fairly common in the municipalities of Monte Alegre, Oriximiná and in the Southern region of the State of Para, has a small variation in color between its horizons and abundance of heavy metals with magnet attraction.

After the Latosols, the Podzolic soils are those that occur most frequently in Brazil. They are relatively deep, fertile, and well drained soils, normally acidic, with texture that varies from medium to clayey. These are fairly susceptible to erosion due to their increased clay content, which makes water penetration difficult. Podzolic soils of the Red-Yellow type can be found in the State, dispersed over the Northeast, Southeast, South and Lower Amazon.

In addition to these two types of soils, others are found such as concretionary laterite, mangrove soil, plinthosol, sandy, and rocky outcrops. These soils have some physical and structural differences, but are, nonetheless, found in smaller quantity within the Amazon region.

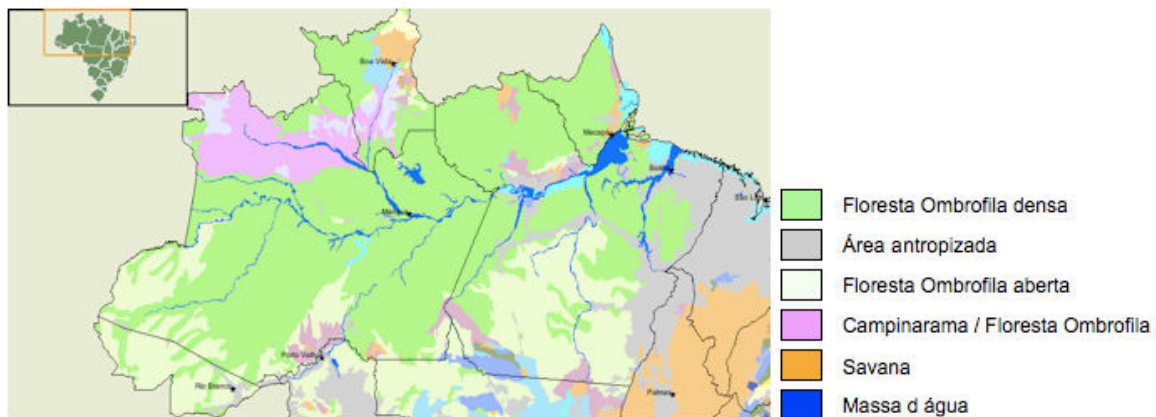
On the Agropalma farms, the YELLOW LATOSOIL dominates. It has a medium to clayey texture, flat relief, is acidic (pH between 4.5 and 5.5), is easily penetrated by roots and water, and has low natural fertility, combined with problems of phosphate fixation. This soil is suited to permanent crops. The YELLOW LATOSOIL presents a thick B horizon (horizon B Latosol) and low natural fertility. It is characterized as friable and acidic, with high aluminum levels and low levels of Fe<sub>2</sub>O<sub>3</sub>. It presents a sequence of horizons: A, Bw, C, with hazy colors in the yellow range, and with a generally diffuse transition between the horizons.

1.6.4. The Amazon Biome and its Principal Ecosystems

The Amazon Basin spans approximately 6.3 million km<sup>2</sup>, with the majority of its area concentrated within Brazilian territory (5 million km<sup>2</sup>) and the remaining area (1.3 million km<sup>2</sup>) distributed within the territories of Bolivia, Columbia, Ecuador and Peru. According to data from IBGE, the Legal Amazon includes the States of Pará, Amazonas, Rondônia, Roraima, Acre and Amapá, as well as part of the States of Tocantins, Mato Grosso and Maranhão (**Figure 09**).

Within the Amazon Biome, various types of vegetation can be found. However, the main vegetation type is the Dense Ombrophyllous Forest, which is characterized by high temperatures and a high precipitation index, with even distribution throughout the year. The trees generally have large leaves, and are green all year. The Amazon biome also contains forests known as Open Ombrophyllous Forest, located in the transition regions between the Amazon forest and other ecosystems, identified by short periods without rain, rarely exceeding 60 days.

Vegetation characterized by a low, partially open, understory also occurs in the Amazon region, which encompasses a mosaic of non-forest formations known as Campinarama. In the more arid regions of the Amazon, vegetation known as Savannah, which presents less endemism and diversity of species in relation to the Cerrado, can be found, due most likely to limited colonization resulting from its distance from propagule sources. It should be noted that the Agropalma Group farms are located in a region of Dense Ombrophyllous forest.



**Figure 9. Principal vegetation contained in the Brazilian Amazon Biome. (IBAMA 2011)**

1.6.5. Planting dates and production cycles

Following are the planting dates for the farms in the group. It is important to note that the operation is carrying out a planting cycle in accordance with information presented in **Doc. 02, ANNEX 03 – Replanting plan through 2030**.

**Table 9: Age profile of planted areas.**

Properties	0 - 5 years	6 – 10 years	11 – 15 years	16 – 20 years	21 – 25 years
Castanheira	Planting 2006; Planting 2008 and	SP*	SP	SP	SP

	Planting 2010				
Sempre Alegre	Planting 2008; Planting 2009 and Planting 2010	SP	SP	SP	SP
Tres Estrelas	Planting 2009	SP	SP	SP	SP
Paraiso do Norte	Planting 2009; and Planting 2010	SP	SP	SP	SP
Roda do Fogo	Planting 2007 and Planting 2008	SP	SP	SP	SP
CPA	Planting 2011	Planting 2001	Planting 1996 and Planting 2000	SP	Planting 1989 and Planting 1990
CRAI	Planting 2010	SP	SP	Planting 1991 and Planting 1992	Planting 1985; Planting 1986; Planting 1987; Planting 1988 and Planting 1989
Agropalma	Planting 2010	SP	Planting 1999	Planting 1991; Planting 1992; Planting 1993 and Planting 1994	Planting 1984 and Planting 1985
Agropar	SP	SP	Planting 1996; Planting 1997; Planting 1998 and Planting 1999	1992	SP
AMAPALMA	SP	SP	Planting 1998; Planting 1999 e Planting 2000	SP	SP

\* SP: No planting

1.6.6. Practices for clearing and preparing new areas

Currently, the company does not have any plans for clearing new areas for planting. Activities can be summarized as crop management of already existing plantings and replanting of palm plantations that are older than 25 years. The old palms are cut and, with the help of tractors, placed in piles between the lines of future plantings for later decomposition and release of minerals by the residues (**Photo 01, ANNEX 3)-Cutting of old palms in replanting areas**).

1.6.7. Monitoring of soil fertility / fertilization

The oil palm has a high nutrient demand, due to its high production of organic material. The nutrients that are removed continually by way of fresh fruit bunch harvest or locked in the biomass need to be reapplied to the soil, if the soil reserves are not sufficient to attend to plant demands. For a high crop yield, the applied nutrients should be balanced. This high demand causes problems for plantations established in the Amazon in soils that are knowingly poor in fertility, requiring the addition of fertilizers for correction of probable deficiencies.

Determination of the need for ammendents should be established by two factors: First, based on knowledge of crop requirements and later, on the identification soil capacity for nutrient availability. In order to evaluate these nutritional aspects, methods for determining nutritional deficiencies of the oil palm are necessary. These basically entail visual diagnosis, chemical soil analysis, fertilization tests and foliar analysis. These methods, however, are only efficient if analyzed in conjunction, in order to define an efficient fertilization program.

At Agropalma, visual diagnostics and fertilization tests are being carried out in experimental areas, and data is being collected and quantified. The soil analysis, carried out every 2 years, and the foliar analysis, done yearly, is analyzed by accredited research institutes, revealing the quantity of nutrients being imported by the plants from the soil. Currently, the company uses five (5) types of fertilizers, based in four (4) chemical elements: *i*) phosphate (P), through the use of natural reactive phosphate containing 33% P<sub>2</sub>O<sub>5</sub> ; *ii*) Nitrogen (N), represented by ammonium sulfate with 20%N and Urea with 45%N ; *iii*)Potassium, represented by Potassium Chloride (KCl) with 60% K<sub>2</sub>O and *iv*) Magnesium Sulfate with 25% MgO. These fertilizers are applied two times per year. The quantity of each element applied per hectare is not included in this report for reasons of confidentiality. In addition to the use of chemical fertilizers, Agropalma also uses organic fertilization, in which residues from industrial processing (empty bunches) are laid out between planted rows, releasing nutrients during decomposition. (**Photo 02, ANNEX 3**).

1.6.8. Pest and weed control

All the pests found in the plantations are controlled through Integrated Pest Management (IPM). The main pests are classified as defoliators (**Table 10**), including the *Opsiphanes invirae* and *Brassolis sophorae*. The *O. invirae* are monitored through field inspections and controlled either through traps that are fixed to the trunk, 1 meter off the ground, or through biological control, using a virus that is taken from contaminated caterpillars. For *B.sophorae*, the damages provoked to the oil palm occur when the caterpillar eats the leaflets of the host plant, causing defoliation. Control is carried out either by mechanically removing the caterpillar nests found within the plantation, or through biological control, using fungi that parasitize the caterpillars.

**Table 10. Principal pests and disease found in the palm plantations**

Pest or Disease	Category of damage
<i>Opsiphanes invirae</i> ,	Defoliators



<i>Brassolis sophorae</i>  <i>Talima</i> sp.  <i>Acharia</i> sp.(antiga <i>Sibine</i> )  <i>Struthocelis</i> sp.  <i>Oiketycus</i> sp.  <i>Euprosterna</i> sp.  <i>Euclea</i> sp.  <i>Anteotricha</i> sp.  <i>Automeris</i> sp.  <i>Saliana</i> sp.	
<i>Rhynchophorus palmarum</i>	Disease Vector (Anel Vermelho) and borers
<i>Eupalamides cyparissias cyparissias.</i>	Borers
Podridão de Flecha	Disease
Anel Vermelho	Disease
Amarelecimento Fatal	Disease

In addition to defoliators, another pest is the palm borer, caused by *Eupalamides cyparissias cyparissias*. A *E. cyparissias* is an important pest to diverse palms due to the damage it causes along the stem to the crown, at the base of leaves and bunch stalks. The larva is capable of affecting the meristem region of the palms, causing their death.

The only agrochemical employed for the control of pests is acephate, whose main active ingredient is O, S-dimethyl acetylphosphoramidothoate. Acephate, considered a systemic insecticide, is applied only when the presence of the borer *E.deadalus* is identified. The application occurs at the base of the crown at a rate of 12 liters per plant. The company has plans to reduce the use of this chemical through a more precise monitoring program, mechanical control and biological control.

For weed control, the herbicide glyphosate is used, applied twice a year. The quantity applied per hectare is based on minimum recommendations. Although even smaller concentrations were tested, these proved insufficient to control weeds, resulting in the need for a third application. The total quantity of active ingredient applied per hectare is monitored, as determined by the RSPO P&C.

#### 1.6.9. Irrigation / drainage

Due to the large amount of rain in the region, irrigation is not necessary for adult palms, and is used only in the seedling production phase, when necessary (5 to 7 mm/ day). The drainage of fields is well managed, such that the accumulation of water puddles within the fields is rare. However, in a few fields, the accumulation of effluents was observed and the company should monitor the application of effluents to control an accumulation, and otherwise improve water drainage where necessary in a few fields.

#### 1.6.10. Harvest

The harvest of bunches is carried out in the plantation during the production phase, with the objective of obtaining the maximum quantity of high quality oil per hectare, at the lowest cost. In order to achieve this, all bunches must be harvested at the right stage of maturity and the harvested fruits must be transported to the factory within the least amount of time possible. The harvest consists of basically three (3) stages: bunch cutting, transport of FFB from fields to fruit boxes using tractors equipped with 1.5 ton carts; transport of bunches from farms to the extraction industries by trucks equipped with imavi hydraulic system - (**photo 3, ANNEX 3**).

#### 1.6.11. Biodiversity increase

Agropalma is located in one of the Amazon's regional centers of diversity – The Center of Endemism Belém. Nearly 60 of Agropalma's farm areas are occupied by forest fragments of different sizes and in different stages of succession. Forests in advanced stages of succession and even forest identified as being of High Conservation Value, with rich biodiversity, can be found within the company lands.

In addition to external forest areas, great biodiversity can also be found within the plantation. It is clear that this diversity is less than that found in a regular forest, nonetheless, still significant, considering that the oil palm is planted in a monoculture system. In a recent floristic survey (**University of Montpellier France, Doc 04, ANNEX 2**), a total of 17,506 individuals were sampled, and 412 species cataloged, revealing a total of 193 species located within the palm plantations – **Photo 4, ANNEX 3**.

### 1.7. Social economic context and relationships with local communities and ethnic groups:

A study entitled "Diagnostic and Development of Socio-environmental Projects for Agropalma" was carried out under contract by the company with the objective of implementing a program for social responsibility, volume 4 – The surrounding areas (April 2008 – Institute Peabiru). In this study, 27 communities were identified and mapped. Following is a table of these communities. The maps can be seen in **Doc 07 of ANNEX 1**, of this Report.

Tabela: Identificação das comunidades e suas categorias

Zona	Nº.	Comunidades	Categoria
Norte	1	Olho D'água	Assentamento
	2	Boa Esperança 50	Área de Ocupação
	3	São Francisco de Assis 14	Área de Ocupação
	4	Nova Esperança 10	Área de Ocupação
		<b>Vilas desclassificadas</b>	<b>Categoria</b>
	5	Jupuuba	Agricultura Familiar
6	Nova Paz	Agricultura Familiar	
7	Betania	Agricultura Familiar	

Tabela: Identificação das comunidades e suas categorias

Zona	Nº.	Comunidades	Categoria
Áreas Novas	8	Camaria I	Assentamento
	9	Forquilha	Agricultura Familiar
	10	Água Azul	Agricultura Familiar
	11	Nova Vida	Agricultura Familiar
	12	Urucuré	Área de Ocupação
	13	Igapó Açu	Agricultura Familiar
	14	Ipiranga	Agricultura Familiar
	15	Sempre Alegre	Agricultura Familiar
16	Santo Expedito	Agricultura Familiar	

Tabela: Identificação das comunidades e suas categorias

Zona	Nº.	Comunidades	Categoria
Central	17	Palmares	Núcleo urbano
	18	Gonçalves	População Tradicional
	19	Turi-Açú	Núcleo urbano
	20	Calmaria II	Assentamento
	21	Soledaid (não visitada)	População Tradicional

Tabela: Identificação das comunidades e suas categorias

Zona	Nº.	Comunidades	Categoria
Sul	22	Arauai	População Tradicional
	23	Jandira	População Tradicional
	24	Cipoteua	População Tradicional
	25	Aui-Açú	Núcleo Urbano
	26	Nazaré - Aui-Açú	População Tradicional
	27	Freijó (não visitada)	Área de Ocupação

**Figure 10. Communities in the Vicinity**

The study included a socio-environmental description of the communities in accordance with the methodology of "Sustainable Livelihoods" that evaluates quality of life in function to human, social, natural, physical and financial capital. In this study main community demands were surveyed, and from these a schedule for carrying out social projects was developed, which is currently underway.

The study, carried out by the Institute Peabiru, points out diverse social and environmental problems in the areas surrounding Agropalma. Regarding the environmental problems, burning and unauthorized deforestation were emphasized, as well as hunting and capture of wild animals. With regards to the social aspects, serious problems were observed including child prostitution, illegal land occupation, low educational



level, violence, and a high rate of alcohol and drug consumption. From this work, a map was developed that indicates the socio-environmental risks present in the areas surrounding Agropalma.

### Definição e descrição do entorno das fazendas da Agropalma Mapa de riscos

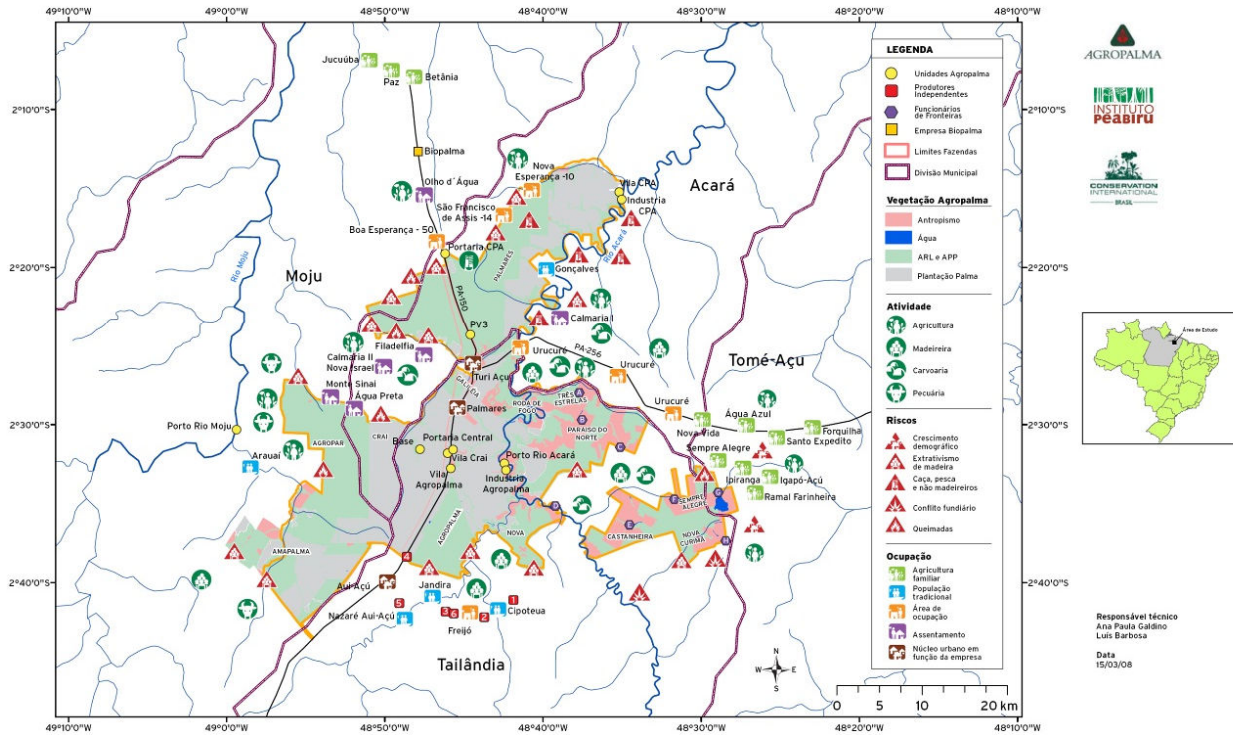


Figure 11. Risk Map for the Surrounding Regions

The Agropalma Group has made continual effort to stay abreast of regional demands, seeking to have a positive influence in this context, contracting local labor, developing social projects, involving family farmers as suppliers, among other initiatives. For example, the Palmares Village is one of the communities that is most influenced by the presence of the company in the region, suffering an increase in immigration as a result of the company’s activities. At present, Agropalma is implementing the project, Agenda 21, within the community. This project, which intends to stimulate local development in sustainable terms, originally arose from a diagnostic that was carried out by the Institute Peabiru. Additionally, the company has been striving to reduce layoffs that occur at the end of the productive season, after the harvest of palm fruit, and maintain an almost constant employee pool throughout the year. In 2010, the results of their efforts could already be seen. Only local labor was hired and, at the end of harvest, layoffs totaled around 70 employees, which is 10 times less than the layoffs that occurred in prior years.

#### 1.8. Integrity guarantee and traceability of certified products

The company has an annual bunch harvest and oil production plan that is updated monthly by the agricultural and industrial teams (**Doc. 03, ANNEX 4**). The consolidated monthly productivity rate usually varies quite a bit, considering, above all, the vulnerability of the oil palm to environmental (climate) and ecological (pollination) conditions. These monthly variations are justified by the technical teams through the use of specific reports.

However, historically, annual estimates have not varied so much, in relation to consolidated production. IBD, therefore, assumes that the quantity of certified oil to be commercialized in 2011 should not vary much from the values presented in **Table 05**.

Given that one sector of the Palmares farm produces organic fruit; the company is developing a system of grading to avoid commingling of organic and conventional product, and guarantee traceability of this product. For conventional production, field production records are simpler. The person responsible for the harvest area (Department) uses a spreadsheet to indicate harvest location, supervisor name, and number of boxes. This data is taken by the truck driver to the factory. At the factory the data is given to the scale operator. The load is then weighed, and taken to the patio or to the processing line. A sample of each lot is analyzed by the CQO (Quality Control). The oil produced is stored in tanks, for which an inventory record is kept.

**Table 11: Measure of Traceability**

Step	Documents and Traceability Control
Harvest	Notes by field supervisor indicating area/department
Transport to the initial storage location	Spreadsheet is taken by truck driver to the Industry entry point.
Reception and Quality Control of Raw Material	Scale operator records data of entry and lot weight within a digital management system. A sample is taken and sent to CQO for daily control.
Unloading, Selection, Storage of raw material.	Raw material enters into the production flow or transferred to the industry's patio storage.
Storage of Final Product	Final Product – crude palm oil and kernel oil– is stored in tanks for which a strict control of entry and exit is maintained.

## 1.9. Other current certifications

**Table 12: Other certifications held by the company at the time of the audit.**

Unit Name	Type of certification obtained	1st certification
Fazenda Palmares organic sector, Industry CPA and Refinery	Organic Certification	2000
Agropalma Group	Quality Management System (ISO 9001)	2002
Agropalma Group	Environmental Management System (ISO 14001)	2002
Agropalma Group	Occupational Health and Safety Assessment Services (OHSAS 18001)	2002
Fazenda Palmares organic sector, Industry CPA and Refinery	EcoSocial IBD	2008
Refinery and Margarine and Fat Factory (UAG)	Food Safety Management System (ISO 22000)	2010

## Part II – Audit Process

### 2.1. Certification Body:

IBD is proud to be the largest certifier of Latin America and the only certifier of organic products with Brazilian accreditation IFOAM (international market), ISO Guide 65 (European market, EC Regulation 889/07), Demeter (international market), USDA / NOP (U.S. market), COR (Canadian market) and INMETRO / MAPA (Brazilian market), making its certificate accepted globally.

Located in Botucatu-SP, Brazil, IBD has been operating since 1992, initially focused solely on the certification of organic products. In 2004, certification services were initiated in the socio-environmental area, through the EcoSocial, Integra, UEBT (Union for Ethical BioTrade), and RSPO programs. Today its portfolio comprises more than 5,000 certified producers, reaching a total area of 520,000 hectares of crops and 3 million hectares of wild harvested areas, throughout 16 countries.

For any other information about IBD Certifications, please, access [www.ibd.com.br](http://www.ibd.com.br) or [www.ibdsocioambiental.com.br](http://www.ibdsocioambiental.com.br).



Figure 12. IBD Location Map

2.2. Audit Team

For this job IBD assigned the following auditors:

Table 13: Auditor names and resumes.

<p>Audit Leader</p>	<p><b>Candice Filipak Mansano Baldoni.</b></p> <p>Graduated in Biological Sciences at UNESP – Universidade Estadual Paulista “Júlio de Mesquita Filho” in 1994. Masters of Social Sciences Applied to Education, in 1998, through UNICAMP – Universidade Estadual de Campinas. MBA in Environmental Management PROENCO of Brazil and USP –Universidade de São Paulo – in 2006. Audit leader ISO 14001 in 2005, auditor Rainforest Alliance from 2007 to 2009, EcoSocial and Integra auditor since 2007, audit leader UEBT – Union for Ethical Biotrader since 2010, with more than 800 hours of experience in audits and 20 years working with socio-environmental planning and development.</p>
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Social auditor	<p><b>Rosana Maria Renner.</b></p> <p>Graduated in Forest Engineering from the Universidade Federal do Paraná - 1996. Masters in Forest Science – 2004. Specialization– Environmental Management and Administration– DGQ Germany. With 10 years experience in management systems, socio-environmental certifications and audits in the private and public sector. Auditor FSC COC. Received specific training for RSPO certification.</p>
Environmental auditor	<p><b>Laercio Junho Chiarini.</b></p> <p>Graduated in 1982 from the Universidade Estadual de Bahia in Agronomy, with training in the areas of Soil and Water conservation (Associação Araraquense de Engenheiros Agrônomos e Arquitetos); Soil Conservation (Secretaria da Agricultura do Estado de São Paulo); Classification, Use and Handling of Agricultural Chemicals ( Hoko do Brasil S/A); Introduction to Environmental Management (IBAMA); Management of Water Resources – “Theoretical/Practical Training and Applications” (Consortio das Bacias dos Rios Piracicaba, Capivari e Jundiá-PCJ); Update Course “Environmental Licensing”- UNESP; Course “Climate Change and Carbon Credit Projects” SMA – Stae Environmental Department/SP; Consultant and Inspector Training for the EcoSocial and Integra Programs - IBD Certificações.; RSPO training – Rountable on Sustainable Palm Oil – IBD Certificações; Training in Strategic Management of Water Resources for Industrial Users.</p>
Productive system auditor	<p><b>Sergio Augusto Oliveira Alves.</b></p> <p>Biologist graduated from the Universidade Federal do Pará -UFPA in 2005, Masters from the Universidade Federal Rural da Amazônia – UFRA in Biotechnology and Genetic Improvement of the palm crop through tissue culture in a Macro project for Brazilian oil crops sponsored by CNPQ. In 2007, following masters, worked with the Pólo Nacional de Biocombustíveis – Polobio/Esalq/USP, with project management in the area of Biofuels, mainly with sugar cane and palm oil, starting, during the same year, a Doctorate in Ecosystem Conservation through ESALQ/USP, where he currently works with Environmental Sustainability of the Brazilian Palm Agroindustry Sustainability. Received specific training in RSPO certification.</p>

### 2.3. Audit methodology

The RSPO Certification Process for the AGROPALMA GROUP was initiated in September 2008 and occurred in the following stages:

**Table 14: Audit process steps.**

Date	Description
09/2008	Internal documental audit of auto-evaluation conducted by the “Grupo Agropalma” under the terms of the P&C RSPO, in September, 2008 ( <b>Doc 01, ANNEX 5</b> ).
09/2010	Documental pre-audit carried out by IBD Certificações with the intent of evaluating the Internal Audit Report developed by the Grupo Agropalma, in September, 2008 ( <b>Doc 02, ANNEX 5</b> ).



5 <sup>th</sup> and 6 <sup>th</sup> of November, 2008	Plenary in the operation's region with the intent of consulting the stakeholders with interest in Agropalma regarding local indicators, carried out on the 5 <sup>th</sup> and 6 <sup>th</sup> of November, 2008 ( <b>Doc 03, ANNEX 5</b> ).
1/ 2009	RSPO Executive Committee requested that IBD conduct new public consultations regarding local indicators.
1/ 2010	IBD submitted a new survey of Local Indicators to the RSPO Executive Committee.
11/ 2010	Executive Committee approved the Survey of Local Indicators developed by IBD and authorized entry into the initial process for the first audit of the Agropalma Group.
01/13/2011 to 02/13/2011	Public Consultation of stakeholders between the 01/13/2011 and 02/13/2011, through Public Announcements and Stakeholder List ( <b>Docs 04, 05 and 06, ANNEX 5</b> ).
02/14/2011 to 02/18/2011	Certification Audit, with onsite visits to extraction units, plantations and stakeholders for the Agropalma Group.
04/18/2011	IBD sent the preliminary version of the Report for technical evaluation by the Client and requested complementary information.
05/13/2011	Agropalma Group sent comments regarding the preliminary version of the Report and complementary information requested.
05/31/2011	IBD sent final version of the Report to the client with a form for the client to present an Action Plan for each of the Non Compliances identified.
06/21/2011	Client submitted formal approval of Report to IBD and the filled-out form, including the Action Plan related to the NCs (Non Compliances).
06/28/2011	IBD sent the Agropalma Group Report P&C to the RSPO Secretariat, versions in Portuguese and English.
XX/XX/XXXX	IBD received final approval of the Reports and authorization for issuance of the Certificate.

### 2.3.1. Sampling

#### **SAMPLING OF SOCIAL ASPECTS:**

With the intent of auditing social aspects, work fronts were inspected on 7 farms (interviews with 37 field and administrative employees, 9 communities (interviews with 8 residents) and the Rural Labor Union of Tailândia (interview with the Union President). See the Map indicating the points visited for verification of social aspects in **Doc. 13, ANNEX 1**. Social aspects associated with the industry (working conditions) were checked by the audit leader and listed in the Map corresponding to Industrial Aspects.

#### **SAMPLING OF ENVIRONMENTAL ASPECTS:**

Regarding environmental aspects, 13 Permanent Preservation Areas (PPA's) were inspected, 07 Forestry Reserves, 04 crude oil extraction factories, 03 effluent discharge points (fertigation), 03 decantation lakes, 16 points of water capture, 02 discharge points for domestic effluent/treatment stations (discharge in water bodies), 03 separation boxes for water and oil, 01 fuel station, 01 vehicle workshop, 01 crude oil loading point (transfer to ferry), and 01 landfill. In total 7 people were interviewed in order to verify how the company has been managing environmental aspects and impacts associated with the Farms and Extractive Industries. See points inspected by the audit leader and environmental auditor in **Doc. 05 of ANNEX 2**.

#### **SAMPLING OF AGRICULTURAL PRODUCTION ASPECTS:**

Regarding aspects of agricultural production, interviews were carried out with nine people, such that six of these are company employees and three are suppliers (one integrated producer and two family farmers). The

agricultural production audit covered principles and criteria related to soil management and conservation, use of agrochemicals, crop cultivation, use of burning, and Integrated Pest Management. All the aspects mentioned were audited in the eight Agricultural Departments of the Agropalma Group, in old plantings from 1985 / 1986 through to newer plantings from 2009, 2010 and 2011. See Maps of locations audited by the specialized auditor in oil palm production in **ANNEX 05, Doc. 07**.

#### SAMPLING ASPECTS OF INDUSTRIAL PRODUCTION:

The 4 Crude Oil and Kernel Oil Extraction Units belonging to the Agropalma Group were inspected, including all installations directly associated with the processes, such as scale, sterilizer, thresher presses, clarifier, storage rooms and annexed installations like the workshops, fuel stations, quality control lab, cafeteria, among others. The decantation lakes for effluent and location for fertigation were also visited. In total 7 people were interviewed with the objective of analyzing the operational management of the industries, quality of processes and controls, traceability, employee health and safety management, and associated environmental aspects. In **Doc 07, ANNEX 4**, the locations inspected by the audit leader and environmental auditor can be observed.

**Table 15: Summary table of interviews and visits carried out.**

Date	Description	Person Interviewed (name, position, contact)	Observations
<b>GENERAL AGENDA</b>			
02/14/11	Opening Meeting	José Hilário de Freitas – Executive Director of Agropalma Group Joel Buecke – General Manager Luís Fernando Arouca Bueno Franco – Industrial Manager Frederico de Souza Oliveira – Infrastructure Manager Eric Hernandez Vega – Industrial Manager Túlio Dias – Manager of Socio-environmental Responsibility for Agropalma Sebastião Sinimbu – Technical Manager for Research and Development Carlos Maracanã – Implantation assistant-manager Roberto Tavares de Melo – Worker Safety Engineer Other assistant-managers and sector managers. Candice Filipak – Audit leader, environmental and	Túlio Dias, General Coordinator of RSPO Certification within the Agropalma Group opened the meeting with the importance of RSPO Certification for the company and how the company has been preparing for this audit. Candice Filipak presented the objectives and the audit team. Sr. Hilário gave thanks and wished everyone good work. At the end of the meeting, the managers remained in the room in order to plan out the details of the audit.

		industrial Laércio Chiarini – Environmental Auditor Rosana Renner – Social Auditor Sérgio Alves – Agricultural Auditor	
02/14/2011	Documental Review	Túlio Dias – Manager of Socio-environmental Responsibility for Agropalma Joel Buecke – General Manager	Presentation of Company Organizational Chart. Verification of socio-environmental reports and maps in order to provide a general understanding of the operation
15 <sup>th</sup> to 18 <sup>th</sup> of February, 2011	Auditors meeting	Candice Filipak – Audit leader, environmental and industrial Laércio Chiarini – Environmental Auditor Rosana Renner – Social Auditor Sérgio Alves – Agricultural Auditor	Evaluation, Planning of the Work and Integration of Data. Development of Final Report.
02/18/11	Closing Meeting	All Directors and Company Managers participated (physically present or via teleconference) Diverse assistant managers, bosses, sector coordinators.	Presentation of Final Report for Evaluation of Conformity of the company with the Principles and Criteria of RSPO.
<b>AGRICULTURAL AGENDA</b>			
02/15/11	Interview with collaborators	Sebastião Sinimbu Technical Manager for Research and Development	Review of legislation regulating use of glyphosate
02/16/11	Interview with collaborators	Sebastião Sinimbu Technical Manager for Research and Development and Carlos Maracanã Implantation Manager	Operational Routines for agricultural activities and planning.
02/16/11	Interview with collaborators and inspection of farms	Sebastião Sinimbu Technical Manager for Research and Development and	General procedures for agricultural activities

		Carlos Maracanã Implantation Manager	
02/16/11	Interview with collaborators	Sebastião Sinimbu Technical Manager for Research and Development and Carlos Maracanã Implantation Manager	General List of all the fertilizers used in planting
02/17/11	Visits and Interview with collaborators	Ricardo Tinoco Agricultural Department Manager	Visit to the phytosanitary department and review of complete inventory of agricultural pests and natural enemies.
02/18/11	Interview with collaborators	Jose Ribamar Carvalho Ferreira Industrial Lab Assistant	Review of traceability of certified palm oil
<b>SOCIAL AGENDA</b>			
02/16/2011	Visit to the dormitories	A total of 9 company housing units were visited: Aui – Açu, Fazenda Agropalma (Murici, Biriba and Taperebá), Fazenda CRAI (Tucumã, Piquiá , Açaí), Fazenda CPA (Uxi and Araçá)	Verification of conformity with NR31
02/17/2011	Visit to Rural Workers Union of Tailândia	Lorival Sampaio Lopez – Union President	Verification of communications between the company, union, and workers.
15, 16 , 17 and 18 of 02/2011	Interview with Collaborators	Carlos Alberto Santana Carvalho (Maracanã) – Implantation Manager Elias Gomes da Silva Filho – Chief of Forestry Safety Américo Alves da Silva – Infrastructure assistant manager Lenes Brito – Responsible for Warehouse Maria Celeste Santiago – Human resources coordinator Jorge Carneiro do Nascimento – HR assistant manager Walter Gaigher Filho –	Visits to work front. Situation of patrimonial security Housing Situation. Agrochemical storage Verification of documents for employees interviewed in the field and trainings. Verification of employee medical exams. Verification of Safety documentation Verification of documentation regarding

		<p>Employee Physician</p> <p>Jose Roberto Cardoso da Silva – Employee Physician</p> <p>Vanessa Nunez de Souza – Employee Nurse</p> <p>Roberto Melo – Safety Engineer</p> <p>Patrícia de Nazaré Nogueira (Communications Assistant)</p> <p>Mrs. Jacileide – Industrial Restaurant</p> <p>Fernanda – Nutritionist for Industrial Restaurant</p> <p>Antonio Pereira Da Silva – General Manager (Legal and International Affairs)</p> <p>Rubelino Pereira</p> <p>Sebastião Sinimbu</p> <p>Josias Mescolto – Assistant Manager Agricultural Department</p> <p>Gabriel Varela Barca Filho – Nurse Technician</p>	<p>communication channels</p> <p>Verification of conformity with sanitary legislation regarding cafeterias</p> <p>Verification of land tenure situation</p> <p>Verification of items for application of agrochemicals</p> <p>Visits to work front</p> <p>Verification of attention provided by technical staff and follow through</p>
15, 16 , 17 of 02/2011	<p>Visits to fields and interviews with collaborators</p> <p>Farms visited: CRAI, Agropalma, Amapalma, Roda de Fogo, Sempre Alegre, Castanheira, Paraíso</p>	<p>Lindemberg Oliveira Ribeiro (rural)</p> <p>Rosiene Sheila Portage Pereira (field supervisor)</p> <p>Edilson da Silva Souza (rural).</p> <p>Francisco Cleber de Lima Braga (rural).</p> <p>Isac Lima de Almeida (field supervisor).</p> <p>Jose Ribamar Araujo (rural)</p> <p>Leida Oliveira Lima (rural)</p> <p>Antonia Verônica Lopez da Costa (janitor)</p> <p>Eduardo Azevedo dos Santos (rural)</p> <p>Pablo Renato Chaves da Silva (rural)</p>	<p>Verification of situation of collaborators and interviews.</p>

		Edmar Conceição Matos (forest ranger)  Josinaldo de Souza Faça (forest ranger)  Eudes Henrique Alves (agricultural supervisor)	
15, 16 , 17 of 02/2011	Visits to surrounding communities - interviews	Community Ipiranga – Delino Gomes dos Santos (resident)  Community Aiu Açú – Marlucia Santos de Campos (nurse) and Maria de Jesus da Silva (health agent)  Community São Francisco – Antonio Francisco da Silva Oliveira (resident)  Community Nova Esperança – Manuel Gomes Maciel (resident ) – Community Urucuré da Balsa- Marli da Silva Paiva (resident and snack bar employee)  Community Sempre Alegre – Jobson Rodrigues dos Santos (Resident and School Director)	- Recognition by communities and verification of data presented in the socio- environmental reports presented.
02/17/2011	Visit to Rural Workers Union of Tailândia	Lorival Sampaio Lopez (Union President)	Verification of communication between company, union and workers
<b>ENVIRONMENTAL AND INDUSTRY AGENDA</b>			
02/15/2011	Farms Sempre Alegre, Castanheiras, Roda de Fogo and Permanent Preservation Areas (PPAs)	Shyrlene Lobato Maciel – Environmental Engineer	Check of environmental aspects: forest management, soil conservation, residue and effluent management, use of fire/burning, biodiversity, use of agrochemicals, drainage, others
02/15/2011	Inspection at Agropalma Industry	Luís Fernando Arouca Bueno Franco – Industry Manager  Eric Hernandez Vega – Industry Manager  Thiago da Silva Costa – Environmental Engineer  Joacir Vieira (Safety	Aspects inspected: factory operations, decantation lakes, water capture, and effluent discharge in production areas (280 hectares), separation tanks for water and oil, workshop, cafeteria.  Aspects of Occupational



		Technician)	Health and Safety
			Document verification (licenses and permits):
02/16/2011	Visit to PPAs of the farms: Agropalma, Agropar and Trevo; environmental recover areas and legal reserves.	Heisner Caetano (Environmental Engineer)	Verification of environmental aspects: forest management, soil conservation, residue and effluent management, use of fire/burning, biodiversity, use of agrochemicals, drainage, others
02/16/2011	Industries CRAI/Agropar and Amapalma	Luís Fernando Arouca Bueno Franco – Industrial Manager  Eric Hernandez Vega – Industrial Manager  Rubens Ribeiro Leite (Department Chief)  Heisner Caetano (Environmental Engineer)  Jordan de Siqueira (Chief of Engineering Processes)  Joacir Vieira (Worker Safety Technician)	Visit to industries CRAI/Agropar and Amapalma: factory operations, water capture, separation tanks for water and oil, workshop, reception scale for FFB.  Aspects of Occupational Health and Safety  Interviews with employees and managers.
02/16/2011	Visit to station used for refueling.	Heisner Caetano (Environmental Engineer)	Environmental Control aspects, conditions of installations, aspects of health and safety of Fuel station operators.
02/17/2011	Visit to industry CPA and Farm Palmares.	Luís Fernando Arouca Bueno Franco – industrial manager  Eric Hernandez Vega – industrial manager  Shyrlene Lobato Maciel – Environmental Engineer  Joacir Vieira (Worker Safety Technician)  Edinaldo Souza Vanderley	Aspects observed: Industry, workshop, tanks for separation of water and oil, decantation lakes and area for fertigation with effluents, dock for dispatch of production (crude oil), loading in balsas.  Worker health and safety aspects.

		(Chief Dept. V) Flávio Corrêa	Two shelters for rural workers were inspected.
02/17/2011	Villages CRAI and Agropalma	Shyrlene Lobato Maciel – Environmental Engineer	Infrastructure aspects, basic sanitation (water supply, trash collection, sewage treatment), access to education, health, leisure equipment).
02/18/2011	Inspection of controlled dump for the Palmares Village	Américo Alves (Infrastructure Assistant manager)  Tulio Dias (Socio-environmental responsibility Manager)	Verification of operation conditions for landfill (dump), environmental control aspects related to health and safety of surrounding population.
02/18/2011	Document verification	Candice Filipak – Audit leader, environmental and industrial  Laércio Chiarini – Environmental Auditor	Final check of documents before compiling the Final Report.

#### 2.4. Summary of the Certification Process:

A total of 6 Minor Non Compliances resulted from the audit.

The final audit report was sent to the “GRUPO AGROPALMA” on 04/18/2011, was reviewed by the responsible part, “Túlio Dias”, and sent back to IBD with comments and complementary information on 05/13/2011. IBD sent the final version of the report to the client in 06/08/2011. The client approved this final version in 06/21/2011.

In 06/23/2011 IBD has informed the final results of the auditing process through the document CC 6364 Certification Letter. Proposals for correcting the non compliances identified were presented to IBD on 06/27/2011, using the document standard 5\_2\_R, both attached to this report.

IBD evaluated the proposal for corrective action on 06/27/2011. The evidence presented was considered sufficient and IBD recommended certification of “Grupo Agropalma,”

The audit report was sent to the RSPO Committee on 06/28/2011 for evaluation.

The RSPO Committee sent the evaluation about the Agropalma's Audit Report to IBD and asked some additional informations on 07/20/2011 and 08/15/2011 and. IBD sent the complementary informations in 07/26/2011 and 08/17/2011

The date foreseen for the next maintenance audit is: April, 2012.

## Part III – Evaluation Results

### 3.1. Stakeholder consultation

#### 3.1.1. List of identified stakeholders

**Table 16: List of Stakeholders**

ITEM	FFB Suppliers	Contact Name if applicable	Contact
1.	Integrated Producer	Divino Heraldo Barbosa	Avenida Natal, nº 10, Bairro Centro, Tailândia / PA
2.	Integrated Producer	Francisco Boiba	Travessa Gurupá S/Nº Tailândia – PA
3.	Integrated Producer	Valdeci Pigati Salvador	Av Barão do Rio Branco, 1687, Ed. Helio De Moura Melo, Centro Castanhal/PA
4.	Integrated Producer	Altino Coelho Miranda	Rua Dr. Assis nº 401 - Cidade Velha - Belém / PA
5.	Integrated Producer	José Lins de Oliveira	Travessa Humaitá, 1974, Bairro Marco, Belém / PA
6.	Integrated Producer	José Ribamar B. Matias	Rod. PA 140 - Vila Forquilha Km 24 - Quatro Bocas Tomé-Açú
7.	Integrated Producer	Manoel José dos Santos	Rodovia PA 150, Km 117, Ramal Chico da Costa, Km 04, Sítio Santo Antonio, Gleba II, Tailândia / PA.
8.	Integrated Producer	Maria Luis do Nascimento	Conjunto Guajará I, WE 62, nº 1491, Ananindeua / PA
9.	Integrated Producer	Antonia Maria Nogueira Soares	Travessa Santarém, nº 19, casa F, Bairro Novo, Tailândia / PA.
10.	Integrated Producer	Vitor Aparecido Ferreira Horas	Travessa Moju, nº 126, centro - Tailândia/PA
11.	Integrated Producer	José Raup	Rod. PA 50, Km 70, Vc. Galiléia Km 03, Faz. JM.
12.	Integrated Producer	José Wanderley Marques Melo	Avenida Barão do Rio Branco, 1687, AP 201, Nova Olinda Castanhal

13.	Integrated Producer	Domingos Otávio Furtado de Lima	Lote 16 Projeto Agricultor, margem direita Rio Mojú, prox. Vila Soledade, limite c/ Projeto Colono
14.	Integrated Producer	Marta do Socorro das Neves Farias	Rodovia PA 150, Km 90, Ramal da Jandira, Fazenda Santa Marta, Tailândia / PA.
15.	Integrated Producer	Gilberto Farias	Rod Pa 140,km 40,Ramal da 2r Acará
16.	Integrated Producer	Karl Bernhard Reich	Fazenda Reunidas 2R, Vila Nova Vida, Cx Postal 10, Tomé-Açu – Pa
17.	Integrated Producer	Hitofumi Kimura	Rod.PA 150 Km 3 – Moju
18.	Integrated Producer	Flavio Cleber Costa do Amaral	Avenida Natal, nº 12, Bairro Centro, Tailândia / PA.
19.	Integrated Producer	Maria Rosângela dos Santos Paiva	Cidade Nova V, WE 19, nº 301G, coqueiro, Ananindeua / PA.
20.	Integrated Producer	Luiz Severo de Souza	Rodovia PA 150, Km 92, Ramal Nazaré do Aui-Açu, Sítio São Luiz / PA.
21.	Integrated Producer	Carmozita Evangelista de Souza	Rod Pa 150 Km 100, Ramal Nazaré do Aui-Açu Km 12, Tailândia/Pa
22.	Associação de Desenvolvimento Comunitário do Ramal Arauaí - 100 small producers	Daniel Martins de Souza	Comunidade de Araruai
23.	Associação de Desenvolvimento Comunitário da Soledade – 50 small producers.	Rubens Dias Barbosa	Comunidade de Soledade.
24.	Associação dos Moradores e Pequenos Agricultores Rurais – 35 small producers.	Raimunda Elineusa Alves da Costa	Comunidade Água-Preta
25.	Grupo de Plantadores de Dendê de Tomé-Açu – 26 integrated producers.	Silvio Kazuhiro Shibata	Município de Tomé-Açu.
26.	União Comunitária da Vila Boa Esperança	Margarida Furtado Pantoja	Trav. Belém nº 3, Vila Boa Esperança - Moju/PA
27.	Associação dos Pequenos Produtores Rurais da Rodovia PA-150 Olho D'água and Vicinal IV, V e IV	José Maria de Souza Soares	Vila Olho D'água, Rodovia PA-150 - Moju/PA

28.	Vila Vera Cruz - Assentamento Olho D'água	Pescidio Trindade de Souza	Rodovia PA-150 km 52 nº 4, Vila Vera Cruz - Moju/PA
29.	Associação dos Moradores do Turi-Açu	Maria de Fátima Maia Cardoso	Rodovia PA-150 km 65 nº 34
30.	Associação dos Moradores da Vila dos Palmares	Adjardes Gonçalves Barroso	Rua Maçaranduba nº 161, Vila dos Palmares
31.	Vila Auí-Açu (without association)	Eulicio Gomes da Silva	Rodovia PA-150 km 92 nº 112
32.	Vila Urucuré	Leaders: Mr. Francisco, Mr. Pinto, Mr. Mão de Paca, Mr. Cícero, Mr. Bragança and Mr. Rael.	Rodovia PA 256, a 13Km da Balsa sobre o Rio Acará.
33.	Vila Nova Vida	Leader: Mr. Nilton Ramos	Rodovia PA 256, a 24Km da Balsa sobre o Rio Acará.
34.	Vila Água Azul	Lideranças: Ms. Salvadora, Ms. Maria Miste, Ms. Eudete and Sr. José Ribamar Pereira	Rodovia PA 256, a 30Km da Balsa sobre o Rio Acará.
35.	Vila Santo Expedito	Lideranças: Ms. Raimunda, Sr. Bidu,  Mr. Pedro Buchudo and Mr. Barrada.	Rodovia PA 256, a 34Km da Balsa sobre o Rio Acará.
36.	Vila Forquilha	Leaders: Sr. Hilton (bakery), Sra. Ana Rosa (nurse), Sr. Manoel Onofre (retailer), Sr. Manoel Assunção (retailer), Oswaldo Reis (district representative)	Rodovia PA 256, a 39Km da Balsa sobre o Rio Acará.
37.	Vila Sempre Alegre	Leaders: Sr. Bernardo and Sr. Francisco Viana	Ramal Sempre Alegre
38.	Vila Ipiranga	Leaders: Sr. Joene (Association)	Ramal Ipiranga
39.	Vila Igapó Açu	Leaders: Sra. Noemi and Sra. Socorro.	Ramal Igapó Açu
40.	Vila Canindé		Rodovia PA 256, a 44Km da Balsa sobre o Rio Acará.
41.	Vila Calmaria I	Leaders: Sr. Edinho (association) and Gesse (rice producer)	Ramal Calmaria I
42.	Vila dos Gonçalves	Leaders: Sr. Evanildo (community coordinator) and Sr. Raimundo	Rio Acará, Acesso pela PV3 da Agropalma.
43.	Vila São Francisco de Assis	Leaders: Raimundo ACS (vicinal 1),  Raimundo Ferreira (Perpétuo	Km 14 da estrada que liga a Indústria da CPA à PA 150



		Socorro), Manoel Dantas (treasurer of the association – Perpétuo Socorro) and Francisco (Union Delegate – Beiradão)	
44.	Vila Nova Esperança	Leaders: Mr. Manoel Gomes Maciel, Community president, Mr. Eduardo Costa Castro, professor, Mr. Marcos Santana.	Km 10 da estrada que liga a Indústria da CPA à PA 150
45.	Vila Filadélfia		Assentamento Calmaria II, Ramal Nova Isral, PA 150 Km 69
46.	Vila Nova Israel		Assentamento Calmaria II, Ramal Nova Isral, PA 150 Km 69
47.	Vila Monte Sinai		Assentamento Calmaria II, Ramal Nova Isral, PA 150 Km 69
48.	União Comunitária da Vila Boa Esperança	Margarida Furtado Pantoja	Trav. Belém nº 3, Vila Boa Esperança - Moju/PA

ITEM	Labor Unions pertaining to the region surrounding the company	Representative	Contact
49	Rural Labor Union of Tailândia	José Valdir Hoss	Address: Rua do Aeroporto, s/n Bairro: Rod. PA 150 Acará / PA – 68690-000 E-mail: <a href="mailto:sttrtailandia@hotmail.com">sttrtailandia@hotmail.com</a> Tel: 3752-1150
50	Rural Labor Union of Moju	Manoel Libório Ferreira dos Santos  (President)	E-mail: <a href="mailto:sttrmoju@hotmail.com">sttrmoju@hotmail.com</a>  Address: Praça do Estudante nº 82. Bairro: Centro. Moju – Pará - 68450-000  Contact telephone: 3756-1371
51	Sindicato dos Trabalhadores e Trabalhadoras Rurais de Tomé-Açu (labor union)	Raimundo Nonato	E-mail: <a href="mailto:erbenihenrique@bol.com.br">erbenihenrique@bol.com.br</a>  Address: Av. 1º de setembro nº 350. Bairro: Centro. Tomé-Açu / Pará - 68680-000  Contact telephone : 3727-1328 / 3727-1875
52	Sindicato dos Trabalhadores Rurais de	Manoel Raimundo da Silva	Address: Av. Fernando Guilhon nº 492. Bairro da Alegria. Acará –

	Acará (Labor union)	(President)	Pará - Telephone/fax: (91) 3732-1160 President (cell): (91) 8818-9256
53	Sindicato Trabalhadores Agricultura (Agricultural Labor Union)	Edson Magno Farias	Tel: (91) 9126-9959/9185-7149 <a href="mailto:edsonmagno2010@hotmail.com">edsonmagno2010@hotmail.com</a>
54	Sindicato Trabalhadores Agricultura (agricultural Labor Union)	Pedro Pantoja	Tel: (91) 3242-5900 / (91) 9150-8677 <a href="mailto:ig-leonardo@hotmail.com">ig-leonardo@hotmail.com</a>

ITEM	Employer's Unions for region surrounding the company	Representative	Contact
55.	Sindicato dos Produtores Rurais de ACARÁ	Antônio Célio dos Santos Ribeirinho	Av. Pedro Vinagre, 852 - São Judas Tadeu Acará - PA, 68690-000 Tel: 91 3732-1692
56.	Sindicato dos Produtores Rurais de TAILÂNDIA	Adolfo Eugêncio Rosseto de Almeida	Commercial Address: Av. Belém nº 82 – Bairro Santa Maria – Caixa Postal 5 - Tailândia (Pa). CEP: 68.695-000
57.	Sindicato dos Produtores Rurais de TOMÉ-AÇU	Shiguelo Takahashi	Commercial Address : Av. Dionísio Bentes nº 210 - Quatro Bocas - Tomé-Açu(Pa) - CEP: 68.682-000 Commercial Tel: (91) 3734-4189
58	Sindicato dos Produtores Rurais de MOJÚ	Ivo Senger	Commercial Address : Rodovia PA- 252 - Km 06 Ramal Zé Lima- 1,5 Km Mojú (Pa)-CEP: 68.450-000 Commercial Tel: (91) 3756.1212 City

ITEM	Non Governmental Organizations	Representative	Contact
59.	CAMTA - Coop. Agrícola Mista de Tomé-Açu	Ivan Hitoshi Saiki	<a href="mailto:diretoria@camta.com.br">diretoria@camta.com.br</a>
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### 3.1.2. Public consultation process

The Public Consultation of Agropalma was opened officially 30 days before the date set for the initial audit. A Public Announcement was sent to all stakeholders listed in the above item. A total of 161 people/organizations were notified in accordance with the table above. No opposition was received. Three favorable comments



were given, praising the initiative by the Agropalma Group in seeking RSPO certification. Announcements and details regarding comments can be reviewed in **Docs 04, 05 and 06, ANNEX 5.**

A complete list of all documents related to the Public Consultation can be reviewed in the IBD files upon request (letter, invitation, lists, responses received, etc).

### 3.1.3. Consultation Process during audit

**Table 17. Issues raised by the stakeholders during the audit.**

Stakeholder	Issue Raised	Date	Evaluation by audit team
Mr. Antonio Francisco da Silva Oliveira – Community of São Francisco	Complaint regarding dust from transportation of bunches during harvest	02/15/2011	Company needs to continually monitor the impact of their activities (positive or negative) on those living in the surrounding communities. Complaints and conflicts need to be recorded, in compliance with principle 1.
Sr. Lorival Sampaio Lopez – President of Rural Union		02/17/2011	Expressed that the company has a good relationship with the union.
Raimunda Alves President of the Association Calmaria/Água Preta	The President of the Association did not have any type of complaint regarding the company.  The only comment was directed towards INCRA, which is also a partner in the project, requesting efficiency in the process of legalization of future lots for new families to associate.	02/18/2011	The contract for Vila Calmaria was verified. However, it was not attached for reasons of confidentiality. In conversation with the president of the association, the project seems to be very motivating and fair to small farmers.
Rubens Dias – President of the Association of Vila Soledad		02/18/2011	The Contract for Vila Soledad was verified. However, it was not attached for reasons of confidentiality. In conversation with the president of the association the project appears to be very motivating and fair to small producers. During the interview, the change in income and quality of life that

			the producers obtained through the project was emphasized.
Masso Ozaki <i>Integrated producer with 100 hectares of palm plantations in the Municipality of Tailândia</i>		02/18/2011	The Contract was verified. However, it was not attached for reasons of confidentiality. In conversation with the producer, he demonstrated satisfaction with the project, although worried about the lack of qualified labor in the region.

## 3.2. Audit Results (P&amp;C)

Table 18: Summary of non compliances detected in this audit.

Criterion	Summary Description	Corrected?	Major NC	Minor NC
1.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
1.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
2.1	The farms Trevo and Galiléia do not have an environmental license issued by the State Agency. The Rural Environmental Registry (RER) was filed, with the intent of initiating the process for environmental regulation of the farms. However, given that the environmental agency has not responded and the farms' activities have been underway since 2002, IBD considered this non compliance to be Minor, with the condition that the company presents a conclusion to this process as soon as possible.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
2.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
2.3		<input type="checkbox"/> Yes <input type="checkbox"/> No		
3.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
4.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
4.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
4.3	In general, the company operates satisfactorily regarding processes of erosion, including the use of vegetation cover in the cultivation areas and respect for the natural slope of the lots. However, laminar erosion processes were observed near the riparian forests, as evidenced in plots J/H18 and J26/96, with an area of approximately 20m <sup>2</sup> . With this, although the company carries out exemplar work in the implantation of practices for controlling and minimizing erosion in the cultivated areas, the existence of these erosion processes, even though in small areas, in PPAs, demonstrates that there is opportunity for improvement in this indicator, and justifies a minor Non Compliance. Considering that the RSPO Standard is based on continual improvement through Certification, this Non Compliance is strictly related to the management of erosion in PPA areas.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
4.4	Brazilian environmental legislation establishes that along rivers less than 10 meters wide, a 30 meter-wide strip of forest must be maintained. The company has been managing these areas, including under the supervision of the environmental agency. However, in a few places visited, demarcation of the preservation area was less than the 30 meters required by law, resulting in a Minor NC.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
4.5		<input type="checkbox"/> Yes <input type="checkbox"/> No		

4.6		<input type="checkbox"/> Yes <input type="checkbox"/> No		
4.7		<input type="checkbox"/> Yes <input type="checkbox"/> No		
4.8		<input type="checkbox"/> Yes <input type="checkbox"/> No		
5.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
5.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
5.3	A few trash bins located in the dormitories, field shelters, and near one residence did not have lids, resulting in risk to animals and children. The organic trash is mixed with the recyclable trash. An open trash deposit was also observed, exposed to rain and sun, and susceptible to the accumulation of water that favors the proliferation of mosquitoes, transmitters of disease.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
5.4		<input type="checkbox"/> Yes <input type="checkbox"/> No		
5.5		<input type="checkbox"/> Yes <input type="checkbox"/> No		
5.6	The Fuel Supply Station does not have a monitoring well for identifying subterranean leakage, nor retention gutters surrounding the pumps, in violation of CONAMA resolution – National Council for the Environment– 237. However, the company installed external tanks, with an area of external retention, and the station is licensed by the State’s environmental agency, resulting, therefore, in a Minor Non Compliance.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
6.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.3		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.4		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.5	One of the buses for transporting employees did not have a bathroom and was observed to be transporting tools in its interior. One of the shelters, used for meals, did not have soap or paper towels at the Sempre Alegre Farm. These items are in violation of Norma 31 of the Labor Ministry. However, given that all the other buses and shelters were in conformity, this was considered a Minor Non Compliance.	<input type="checkbox"/> Yes <input type="checkbox"/> No		X
6.6		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.7		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.8		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.9		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.10		<input type="checkbox"/> Yes <input type="checkbox"/> No		
6.11		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.2		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.3		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.4		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.5		<input type="checkbox"/> Yes <input type="checkbox"/> No		

7.6		<input type="checkbox"/> Yes <input type="checkbox"/> No		
7.7		<input type="checkbox"/> Yes <input type="checkbox"/> No		
8.1		<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Total</b>			0	6

3.3. Conformity Assess **Audit Results (P&C)** ment by Principle and Criterion:

<b>PRINCIPLE 1: Commitment to transparency.</b>	
<p>Criterion 1.1 Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages &amp; forms to allow for effective participation in decision making.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: Agropalma provide adequate information to the stakeholders and the auditors could realize evidences during the interviewers with suppliers, workers and local communities; Folder Viver Bem is also a good initiative in this way. Agropalma have being an active organization in a national sector movement about palm oil production.</p>	
<p>Evidence: Documents, Interview, Inspections: - Interview with Com munications Assistant Patrícia de Nazaré Nogueira and Files from the communication folders 2010 and 2011. - Forms for Registry of Stakeholders and Folder Viver Bem (<b>Doc 02, ANNEX 1</b>). - Other interviews.</p>	
<p>Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: The company developed and implemented the Occupational Health and Medical Surveillance Program (OHMSP), the ERPP – Environmental Risk Prevention Program, the COH- Control of Occupational Hazards, the PAE – Plan for Attending to Emergencies. Employee trainings are carried out and documented. Policies for Equal Opportunity in the Workplace and for Sexual Harassment Prevention, as well as a communication channel for dealing with complaints, also exist. There is control of documentation for all company properties. In accordance with the Agropalma site, all these documents and a few others are available for consultation (verify link <a href="http://www.agropalma.com.br/default.aspx?pagid=EMHCUOUL&amp;navid=131">http://www.agropalma.com.br/default.aspx?pagid=EMHCUOUL&amp;navid=131</a>)</p>	
<p>Evidence: Documents, Interviews, Inspections: - Occupational Health and Medical Surveillance Program (OHMSP) – June/2010 (Company Medic Dr.Walter Gaigher Filho), demonstrating compliance with items contained in legislation, for example: application of herbicide, medical exams to be carried out by job function.  - ERPP – Environmental Risk Prevention Program, – June/2010 (Safety Engineer Roberto Melo). ERPP was observed to be in conformity with legislation and its monitoring was demonstrated in the Global Analysis Report for the ERPP – 2009- 2010 (ANNEX yearly social action schedule).  - COH- Control of Occupational Hazards 2010 (Safety Technician Roberto Melo). Verified through the SESTR/SESMT (Specialized Service for Safety and Health in the Work Place and Specialized Service for Safety Engineering and Occupational Medicine, statistical indexes for frequency of absences (average 32 indicated as good by the ILO), severe cases and lost days (value always less than 500, considered very good by the ILO), as</p>	

<p>demonstrated in the Monthly Consolidated Report from the Human Resources Department.</p> <ul style="list-style-type: none"> <li>- PAE – Plan for Emergency Action. Document verified at the work fronts, dormitories, offices, and industries. In the field, through interviews with the Nurse Technician Gabriel Varela Barca Filho, compliance with the PAE was verified.</li> <li>- Evidence of employee trainings, review and filing of declarations and certificates.</li> <li>- Equal Opportunity Policy and Sexual Harassment Policy were verified in the text of the Agropalma Employee Conduct Manual. Existing cases of Sexual Harassment were resolved and treated by a resolution committee that deals with these topics. Since 2009, three cases were treated by this committee, which took the necessary actions, including layoffs of upper management, as evidenced in documentation from the Human Resource Department.</li> <li>- Communication Channel (0800) that deals with complaints. Operation was observed within the Communication Assistance Department.</li> <li>- Control of documentation pertaining to the company's properties was verified, including chain of ownership and areas (<b>Doc. 04, ANNEX 1</b>). A minimal difference exists between the documented area, contained in the title, and the actual area, as measured by high precision GPS. This difference is due to the use of modern instruments that provide greater precision in measurements.</li> <li>- Environmental Control Plans associated with the process of Environmental Licensing, for both industries and farms.</li> </ul>	
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<p><b>PRINCIPLE 2: Compliance with applicable laws and regulations.</b></p>	
<p>Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.</p>	<p>( ) NA ( ) Compliant (X) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>Within the department of research and development, precise control exists regarding the agrochemicals used, including legal justification based in ordinances, laws and decrees, duly filed in folders and in the computers. All legislative outlines are periodically consulted and renewed, maintaining the files current and updated with eventual changes regarding the use of agrochemicals by the company. The only agrochemicals used are the herbicide glyphosate and the pesticide acephate, duly justified in the Official Gazette, <b>Doc. 01, and ANNEX 03</b>.</p> <p>The legislation related to rural and industrial work has been complied by the industry, such that the company hires employees in accordance with the Brazilian Code of Labor Laws and follows the Regulatory standards for Health and Safety.</p> <p>Minor NC: Environmental management of the operation is in compliance with environmental legislation. However, non compliance was observed regarding Environmental Licenses for the Trevo and Galiléia Farms. These rural properties do not have an environmental license issued by the State Agency. The Rural Environmental Registry (RER) was filed, with the intent of initiating the process of environmental regulation of the farms. However, given that the environmental agency has not responded, and the fact that these farms have been operating since 2002, IBD considered this Non Compliance to be Minor, with the condition that the company presents a conclusion to this process as soon as possible.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Verification of the Official Gazette (ANNEX 1) – ISSN 1677-7042 N° 139 22/07/10</li> <li>- Verification of Negative Certificate of Debt through INSS –National Social Security Institute</li> </ul>	



<ul style="list-style-type: none"> <li>- Procedures for hiring employees and Collective Worker Agreement 2010 /2011 with the Rural Workers Union of Tailândia. The procedures for recruiting and the hiring process were also verified in the employee files.</li> <li>- Field visits were carried out, along with interviews at the work fronts.</li> <li>- Verification of documents showing how the company has been carrying out environmental monitoring, as required by law, including water analysis, effluents, control of atmospheric pollution, soil contamination, licenses and permits, among others.</li> <li>- Existence of the system LegNet for monitoring and updating the legislation applicable to the operation.</li> </ul>	
<p>Criterion 2.2 The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: The Agropalma Group acquired its first farm in 1983. All the farms are registered (titles, enrollments). This documentation shows the chain of land ownership for the properties. Land conflicts do not exist, according to interviews with community representatives. Documentation indicates property legality. The company initiated registry with INCRA – National Institute for Colonization and Agrarian Reform, carrying out the necessary steps of geographical referencing, marking, and recognition of farm borders by the surrounding properties. During the inspection the property maps were verified, including borders with neighbors and surrounding communities.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Control of Property Documentation (<b>Doc. 04, ANNEX 1</b>).</li> <li>- Interviews with representatives from 6 neighboring communities to the Agropalma Farm.</li> <li>- Interview with Dr. Antonio Pereira da Silva / General Manager (Legal and Exterior Relations), for evaluation of land conflict.</li> <li>- INCRA Case Registration protocol</li> </ul>	
<p>Criterion 2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: Property Maps are available, showing property and surrounding communities. Evaluation of the document, “Diagnostic and Elaboration of Socio-environmental Projects for Agropalma”, no traditional communities (indigenous and quilombolas) were previously located on land currently belonging to the company, nor were any communities expelled by the company from their lands. No evidence was observed of any type of past land conflict.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Diagnostic and Development of Socio-environmental Projects for Agropalma Aimed at Implementing a Socio-environmental Responsibility Program– April 2008 – Peabiru Institute (<b>Doc. 07, ANNEX 1</b>)</li> <li>- Interviews with 6 representatives from communities surrounding the Agropalma farms.</li> </ul>	

<p><b>PRINCIPLE 3: Commitment to long-term economic and financial viability</b></p>	
<p>Criterion 3.1 There is an implemented management plan that aims to achieve long term economic and financial viability</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: The business plan for agricultural management and production was presented, demonstrating the company’s commitment to sustainability in the long term. The history of</p>	

<p>agricultural production during recent years was verified through interviews, as were the projections for planting until 2030, in other words the next 20 years, in compliance with criteria for the substitution of old plantings.</p> <p>Based on experience accumulated during 30 years in the palm business, the company's upper management team developed a Business Plan, which includes the following areas: History, Values, Mission, Integrated Management System, Administrative and Financial Conduct.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Replanting Plan through 2030 (<b>Doc. 2, ANNEX 3</b>)</li> <li>- History of Agricultural Production (<b>Doc. 3, ANNEX 3</b>)</li> <li>- Business Plan (confidential file).</li> </ul>	

<p><b>PRINCIPLE 4: Use of appropriate best practices by growers and millers.</b></p>	
<p>Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: All the operational procedures for agricultural and industrial production were duly presented and registered. These documents were checked on-site only, and were not attached for reasons of confidentiality. A total of 8 annual audits exist for evaluating conformity of the activities with the established procedures.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Documentation from IMS – Integrated Management System: IMS Manual, NPGs (General Procedure Standards), SPS (Specific Procedure Standards and OR (Operational Routines).</li> </ul>	
<p>Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: Documented lists of fertilizers used were readily available. Evidence was provided to demonstrate the practice of regular soil and leaf nutrient analysis (proof of mailing to research institutes that are duly accredited since 1997). This current report includes, in attachment, proof of samples sent in for analysis during the last two years. Through this practice, the company demonstrates its commitment to appropriate fertility management of plantings, in accordance with RSPO criteria.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- List of fertilizers used by the company (<b>Doc. 4, ANNEX 3</b>)</li> <li>- Proof of mailing for leaf nutrient analysis. (<b>Doc 5, ANNEX 3</b>)</li> <li>- Proof of mailing for nutrient soil analysis. (<b>Doc 6, ANNEX 3</b>)</li> </ul>	
<p>Criterion 4.3 Practices minimize and control erosion and degradation of soils.</p>	<p>( ) NA ( ) Compliant (X) Minor NC ( ) Major NC</p>
<p>Evaluation: In general, the company employs satisfactory practices for erosion control, including the use of ground covers in cultivated areas and respect for the natural slope of the terrain.</p> <p>Minor NC: However, laminar erosion was observed near riparian areas, as seen in plots J/H18 and J26/96, over an area of approximately 20m<sup>2</sup>. Given this, although the company's work in the implementation of practices for controlling and minimizing erosion in cultivated areas is exemplar, the existence of erosion, even though in small Permanent Preservation Areas, demonstrates that there is opportunity for improvement in this</p>	

<p>indicator, and justifies a minor NC. Considering that the RSPO standard is based on continual improvement through Certification, this Non Compliance is strictly related to the management of erosion within the Permanent Preservation Areas.</p>	
<p>Evidence: Documents, Interviews, Inspections: Visits to productive areas and riparian areas.</p>	
<p><b>Criterion 4.4 Practices maintain the quality and availability of surface and ground water.</b></p>	<p>( ) NA</p>
<p>Evaluation: The company monitors effluent decantation lakes for contamination of subterranean water and develops management practices that favor adequate drainage of rain water in field plots. Water capture is carried out with a permit from the government.</p> <p>Minor NC: The Brazilian environmental legislation establishes that rivers measuring 10 meters wide or less should be protected by an area of woods at least 30 meters wide. The company has been managing these areas, including under the surveillance of the environmental agency. However, along a few banks visited during inspection, it was apparent that the area marked for preservation was less than the 30 meters required by law, resulting in a Minor Non Compliance.</p>	<p>( ) Compliant (X) Minor NC ( ) Major NC</p>
<p>Evidence: Documents, Interviews, Inspections: - Documents: water, soil, and effluent analysis, permits. - Water consumption monitoring reports by industry (<b>Doc. 5, ANNEX 4</b>). - On site inspections of rivers, streams and palm fields.</p>	
<p><b>Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.</b></p>	<p>( ) NA (X) Compliant</p>
<p>Evaluation: There is evidence of effective pest control in the crops through periodic monitoring and biological pest control measures, mechanic and behavioral control, and, as a last resort, individualized chemical control. All the pests found among the crops, and possible natural enemies, were duly cataloged and registered. In addition to this, strategies for the reduced use of agrochemicals are being implemented and were duly registered, in accordance with the RSPO criteria.</p>	<p>( ) Minor NC ( ) Major NC</p>
<p>Evidence: Documents, Interviews, Inspections: -Inventory of principle crop pests and diseases, divided by biological group, such as bacteria, fungi, invertebrates, mammals (<b>Doc 08, Annex 03</b>) -Detailed plan regarding strategies for reduction in the use of/toxicology class of agrochemicals used (<b>Doc 09, Annex 03</b>).</p>	
<p><b>Criterion 4.6 Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.</b></p>	<p>( ) NA (X) Compliant</p>
<p>Evaluation: Due to the efficiency of the Integrated Pest Management Program (IPM) carried out by the company, the use of agrochemicals boils down to the use of acephate. There is formal proof of acephate's specificity for use in the palm crop, as well as its efficacy and reduced toxicity, compared with other pesticides. The justification for the use of acephate was made readily available by the pest management manager and is in accordance with RSPO criteria.</p> <p>The company carries out and records trainings provided to the staff responsible for</p>	<p>( ) Minor NC ( ) Major NC</p>

<p>pesticide applications, and provides sanitary Individual Protective Equipment (IPE) for use in the application of agrochemicals.</p> <p>There is limited access to the chemical storage area, which remains locked. This area is duly identified, and contains pallets storing product. All products is duly identified. The storage of empty packaging is in conformity with the legislation and records for the final discard of empty packaging/containers are kept. Specific medical exams for employees that apply agrochemicals were observed in medical outpatient center and registers are kept regarding these exams.</p> <p>Observation: An opening, 6 meters above the ground, was observed in the posterior wall of the chemical product storage room, used for the specific purpose of chemical storage. The opening may permit access by birds, in violation of letter C, of item 31.8.17 of NR31.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Document justifying the use of the agrochemical acephate (<b>Doc. 10, ANNEX 3</b>)</li> <li>- Interviews with staff and verification of training certificates kept in the Department of Human Resources.</li> <li>- Storage room for chemical products and storage room for empty containers/packaging.</li> </ul>	
<p>Criterion 4.7 An Occupational Health and Safety Plan is documented, effectively communicated and implemented.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>The company provided the OHMSP and the ERPP, and all the hazardous activities were mapped. There are documented procedures for emergencies and the trainings are carried out with 17 to 18% of the workforce, in weekly and annual training, in addition to general simulations. The company carries out inspections of the employee transportation buses, and monitors the Control of Occupational Hazards. The employees are trained in first aid.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Photos of simulations and Report of simulations (<b>Doc. 08, ANNEX 1</b>)</li> <li>- Use of PPEs was observed in the fields.</li> <li>- Reports for employee transportation buses were verified, kept in the Department of Human Resources (<b>Doc. 11, ANNEX 1</b>).</li> <li>- Control of Occupational Hazards 2010– COH, monitored and kept in the HR department.</li> <li>- Field interviews with employees and proof kept by HR for the existence of employee trained in first aid.</li> <li>- Training certificates for industrial boiler operators.</li> </ul>	
<p>Criterion 4.8 All staff, workers, smallholders and contractors are appropriately trained.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>Need for training is determined for each area during the Annual Survey of Training Needs (STN) and forwarded to the Human Resources Department, which, through the yearly budget makes a selection, prioritizing trainings that are legal requirements and which compromise the safety of employees.</p> <p>Some incentives for training and for developing training for employees and their families: adult literacy, school for employee dependents, Agropalma young learners Program and Educate (<b>Doc. 07 / ANNEX 1</b>).</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- List of trainings kept by the HRD for 2010.</li> </ul>	

<p>- Interviews with employees and with the HR department, verifying the existence of first aid trainings, training regarding the application of agrochemicals and use of the boilers.</p> <p>-Diagnostic and Development of Socio-environmental Projects for Agropalma Aimed at Implementing a Socio-environmental Responsibility Program– April 2008 – Peabiru Institute.</p>	
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**PRINCIPLE 5: Environmental responsibility and conservation of natural resources and biodiversity**

<p>Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: The industrial and agricultural production units (with exception of the Trevo and Galiléia Farms) have a State Environmental License. In order to obtain this license, the company had to present a complete description of the activities to be developed, as well as the potential environmental impacts that are associated with each activity. For each impact, control or mitigation measures were presented. These are monitored periodically by the State Environmental Secretary.</p>	
<p>Evidence: Documents, Interviews, Inspections: - On site audit- Verification of Environmental Licenses and Environmental Monitoring Reports associated with each Production Unit.</p>	
<p>Criterion 5.2 The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation: The company monitors the biodiversity and degree of conservation of its areas through the support of NGOS, Universities and Consulting companies. Diverse studies have been carried out in areas belonging to the Agropalma Group.</p>	
<p>Evidence: Documents, Interviews, Inspections: - Reports developed by the NGO Conservation International (2008) indicate that the Forest Reserves within Agropalma properties have a high conservation value due to their function in housing endemic and endangered species. - Diagnostic and Development of Socio-environmental Projects for Agropalma Aimed at Implementing a Socio-environmental Responsibility Program– April 2008 – Peabiru Institute.( <b>Doc. 07, ANNEX 01</b>).</p>	
<p>Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>	<p>( ) NA ( ) Compliant (X) Minor NC ( ) Major NC</p>
<p>Evaluation: The solid residues resulting from the industrial process are reused in agriculture as an organic input. The fruit bunches are deposited in piles within the fields and, due to the high rainfall index and richness of local microbiology, this material is decomposed with relative ease. The dangerous residues – grease, oil, agrochemical containers – are being disposed of properly, in accordance with current legislation. A few trash deposit areas within the dormitories, field shelters and near the residences were seen without lids, which could offer risk to animals and children. The organic trash is mixed with recyclable and</p>	

<p>was found to be exposed to rain and sun, which could result in the accumulation of water and favor the proliferation of mosquitoes, among other transmitters of disease.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Verification of documents related to the management of solid residues: control of discard of dangerous residues (agrochemical containers, oil, grease, and batteries), procedures for management of solid residues.</li> <li>- Field visits.</li> </ul>	
<p><b>Criterion 5.4 Efficiency of energy use and use of renewable energy is maximized.</b></p>	<p>( ) NA (X) Compliant</p>
<p><b>Evaluation:</b></p> <p>Agropalma carries out monitoring of the use of energy by ton of oil produced, in accordance with that which is required by the specific indicator of this criterion.</p> <p>The company is studying how to implement measures for improving the efficiency in the use of energy, such as the collection of Biogas and its utilization as fuel. It should be noted that the company has two partnerships with universities (USP and Paris Dauphine) and one with a specialized company for determining the emission balance, in order to identify the main sources of emissions of GHG (Green House Gases), the initial step in a strategy for emission reduction.</p>	<p>( ) Minor NC ( ) Major NC</p>
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Interviews with Industrial and Socio –Environmental Responsibility Managers.</li> </ul>	
<p><b>Criterion 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice guidelines.</b></p>	<p>( ) NA (X) Compliant</p>
<p><b>Evaluation:</b></p> <p>In random visits to old areas (plantings from 1989), young plantings (2008 and 2009) and replantings (2010 and 2011), neither the use of fire, nor evidence of such use, was found.</p>	<p>( ) Minor NC ( ) Major NC</p>
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- On site inspections</li> </ul>	
<p><b>Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</b></p>	<p>( ) NA ( ) Compliant</p>
<p><b>Evaluation:</b></p> <p>The control of the quantity and quality of the release of gaseous effluents within the Industries and the analysis show that such emissions are within standards. There is no standard defined by the legislation for the discharge of industrial effluent in the soil as a result of palm factory operations. The company uses fertigation in the palm fields and monitors the degree of soil subterranean water contamination. The company is developing its greenhouse gas balance.</p> <p>Minor NC: The Fuel Station does not have a well for monitoring subterranean leaks and does not have retention gutters surrounding the fuel pumps, in violation with CONAMA – Nation Advisory for the Environment– Resolution 237. However, the company installed external tanks, with an external retention area and the station is licensed by the state environmental agency, and, as such, only a Minor Non Compliance was issued.</p>	<p>(X) Minor NC ( ) Major NC</p>
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Evaluation of emissions, effluents and soil analysis.</li> <li>- Interviews with environmental and industrial managers from the Agropalma Group.</li> </ul>	



<b>PRINCIPLE 6: Responsible consideration of employees and of individuals and communities affected by growers and mills</b>	
<p>Criterion 6.1 Aspects of plantation and mill management, including re-planting that have social impacts, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b> The surrounding communities that are influenced by Agropalma are mapped and described in the reports: Assistance and Strategic Socio-environmental Support for the Agropalma Group– Volume 1: Diagnostic and Planning and Volume 2: Community Program, Operation RSE and Communication, Diagnostics and Elaboration of Socio-environmental Projects for Agropalma, with the intent of implementing a Socio-environmental Responsibility Program (volumes 1 to 7). Following the evaluation of the reports cited above, visits were carried out in a few communities in order to verify the data presented. A total of 6 communities were visited, in which interviews were held with residents. The following items were observed: the inexistence of conflict between land owners and the Agropalma Group, the importance of the company to the region, in terms of the generation of jobs, demand for services, and access to infrastructure.</p> <p>These reports describe the socio-environmental situation of the communities and their main demands. From these demands, a schedule for implementing socio-environmental projects was development, which is currently underway. Two programs have already been finalized and evaluated in the Report Year 1- May of 2010, and proved positive. Another two programs underway were evidenced in the Reports, Socioeconomic and Environmental Diagnostic of 150 families involved in the Family Agriculture Program with Agropalma (Peabiru 2010) and Agenda 21 from Vila Palmares –Socio-environmental Diagnostic (Peabiru August, 2010).</p> <p>The dormitories for employees are in conformity with legislative requirements. School, access to transportation, quality meals, among other benefits are all made available, demonstrating that the company is aware of employee working conditions.</p> <p>Observation: It is important that the company develop a consolidated summary of the principal conclusions of the Socio-environmental Diagnostic for the Agropalma Group (positives and negatives), providing visibility to the projects implemented and to be implemented.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Evaluation of Reports: Assistance and Strategic Socio-environmental Support for the Agropalma Group – Volumes 1, Diagnostic and Planning and Volume 2, RSE Community Operational Program and Communication.</li> <li>- Diagnostic and Development of Socio-environmental Projects for Agropalma Aimed at Implementing a Socio-environmental Responsibility Program– April 2008 – Peabiru Institute (ANNEX social).</li> <li>- Visits and interviews with community residents.</li> <li>- Visits to company housing facilities.</li> </ul>	
<p>Criterion 6.2. There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b> A communication channel exists that guarantees that all requests for information, or other</p>	

<p>requests, are registered and answered. Through this channel (telephone – 0800) with employees and stakeholders, demands are registered by the communications department and forwarded to the party responsible, whom responds following a procedure and deadline.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b> - Communication channel (telephone – 0800), interview with Communications Assistant Patrícia de Nazaré Nogueira, File containing Communication Folders 2010 and 2011 and folder Viver Bem (<b>Doc. 02, ANNEX 1</b>).</p>	
<p><b>Criterion 6.3</b> There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b> Agropalma guarantees that all requests and complaints are recorded and answered. Through the communication channel (telephone – 0800) with employees and stakeholders, the demands are recorded by the communication department, forwarded to the responsible party and answered, following procedure and deadlines. The company should improve knowledge of this communication channel internally and externally.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b> - Procedure for receiving, handling, replying, negotiating, and solving complaints and claims (<b>Doc. 01, ANNEX 1</b>).</p>	
<p><b>Criterion 6.4</b> Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b> No losses in legal or customary rights were identified in association with the activities of the Agropalma Group.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b> - Interviews with the Legal Department and with residents in six communities.</p>	
<p><b>Criterion 6.5</b> Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>	<p>( ) NA ( ) Compliant (X) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b> The company respects union agreements and legislation when making salary payments to its employees. The company fulfills the following: salary payment, vacation payment, 13<sup>th</sup> salary, payment for hours in commute, supply of IPEs.  For employees that reside in the company villages, housing, school and transportation are provided.  The restaurant prepares food for employees within standards for hygiene and temperature control.  Minor NC: One employee transportation bus was not equipped with a bathroom and was transporting tools in its interior. One shelter for meals did not have hand soap and paper towels (Sempre Alegre Farm). A total of 6 employee transportation buses, of the 65 buses owned by the company, were visited. A non compliance was observed for only one of</p>	

<p>them. The company safety technician undertakes routine audits of the buses, as evidenced in <b>doc. 11 do ANNEX 1.</b></p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Interviews with the department of Human Resources and field workers. – Visits to the work fronts.</li> <li>- Report for the Control of Food Temperature.</li> </ul>	
<p><b>Criterion 6.6</b> The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b></p> <p>The company negotiates and fulfills collective agreements with the Rural Labor Union of Tailândia – PA. This point was verified in the Human Resources department and through interview with the Union President.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Interview with the HR Department responsible party.</li> <li>- Interview with the President of the Labor Union of Tailândia – collective agreements signed between company and union.</li> </ul>	
<p><b>Criterion 6.7.</b> Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programs. Children are not exposed to hazardous working conditions.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b></p> <p>The company respects this criterion and does not employee anyone younger than 14 years old.</p> <p>The Consolidation of Labour laws (CLT) in Brasil states in Article 403: <i>Art. 403: the employment of any child under 16 years old is prohibited, excepted when employed as a minor apprentice, from 14 years old on.</i></p> <p>The employment of such minors must be linked to a Teaching Institution, must has an educational purpose and is subjected to special regulations. Agropalma employs Minor Apprentice in its working staff, which are all under working regime prescribed by the law.</p> <p>Young people between 16 and 18 years old may also work under special conditions: they cannot work at night, under risky or unhealthy conditions, and always through authorization of their parents or tutors. Above 18 years old, the labor law is the same as for adults.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b></p> <ul style="list-style-type: none"> <li>- Visits to the work fronts and documentation analyzed in the RH department.</li> </ul>	
<p><b>Criterion 6.8</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p><b>Evaluation:</b></p> <p>The company includes this criterion in its policy, as registered in the Agropalma Employee</p>	

Conduct Manual.	
Evidence: Documents, Interviews, Inspections: - Agropalma Employee Conduct Manual.	
Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.	( ) NA (X) Compliant ( ) Minor NC ( ) Major NC
Evaluation: The company has this criterion as its policy, as registered in the Agropalma Employee Conduct Manual.  There is a committee within the company that deals with this topic. Three cases have already been registered and taken to the committee, which carries out any necessary investigations, and discretely takes the necessary arrangements, including warranted dismissals, including of the managerial body.	
Evidence: Documents, Interviews, Inspections: - Interview with the person responsible for RH and review of documentation.	
Criterion 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.	( ) NA (X) Compliant ( ) Minor NC ( ) Major NC
Evaluation: Agropalma establishes formal partnership contracts with its suppliers. Through interviews it was determined that partners are satisfied with the terms established in these contracts. The partnership between the company and family farmers has been cited as a reference in publications and events.	
Evidence: Documents, Interviews, Inspections: - Analysis of contract with integrated producers and family farmers. - Interviews with managers responsible for partnership arrangements between Agropalma and integrated producers and family farmers.	
Criterion 6.11 Growers and millers contribute to local sustainable development wherever appropriate.	( ) NA (X) Compliant ( ) Minor NC ( ) Major NC
Evaluation: In the socio-environmental reports that the company has developed in partnership with NGOs and Consulting Companies, the socio-environmental situation of the communities and their principal demands are described. From these demands, a socio-environmental project implementation schedule was developed, which is currently underway. Two programs have already been finalized and evaluated in the Year 1 Report – May 2010, showing positive results. Another two programs, currently in progress, were verified in the Reports, Socioeconomic and Environmental Diagnostics of 150 families involved in the Family Agriculture Program with Agropalma (Peabiru 2010) and Agenda 21 for Vila Palmares – Socio-environmental Diagnostic (Peabiru August, 2010).	
Evidence: Documents, Interviews, Inspections: - Evaluation of reports: Strategic Socio-environmental Assistance and Support for the Agropalma Group – Volume 1 Diagnostic and Planning and Volume 2 Community Operational Program RSE and Communication.  - Diagnostic and Development of Socio-environmental Projects for Agropalma Aimed at Implementing a Socio-environmental Responsibility Program– April 2008 – Peabiru Institute (ANNEX social).	

<ul style="list-style-type: none"> <li>- Visits and interview with community residents.</li> <li>- Visits to company housing units</li> </ul>	
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<b>PRINCIPLE 7: Responsible development of new plantings.</b>	
<p><b>Criterion 7.1</b> A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p>	<input type="checkbox"/> NA <input checked="" type="checkbox"/> Compliant <input type="checkbox"/> Minor NC <input type="checkbox"/> Major NC
<p><b>Evaluation:</b> For the establishment of new plantings, the company undertook a widespread study of social and environmental impacts. Results of the study were already being dealt with by the company before the study had been concluded, given that the new planting areas were located in the same region that was surveyed previously, and cited in reports listed under criterion 6.1.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b>            - Social and Environmental Impact Evaluation Report (RAISA) / March 2008. Orbis Exceller (<b>Doc. 14, ANNEX 1</b>)            - Social and Environmental Impact Evaluation Report (RAISA) – Fazenda Alagoano / September 2009. Orbis Exceller (<b>Doc. 15, ANNEX 1</b>).</p>	
<p><b>Criterion 7.2</b> Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</p>	<input type="checkbox"/> NA <input checked="" type="checkbox"/> Compliant <input type="checkbox"/> Minor NC <input type="checkbox"/> Major NC
<p><b>Evaluation:</b> The region in which the Agropalma S/A farms are located is basically flat. The agricultural team takes into account topographic aspects when undergoing plantings.</p>	
<p><b>Evidence: Documents, Interviews, Inspections:</b> - Interviews and field verification.</p>	
<p><b>Criterion 7.3</b> New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values (HCV).</p>	<input type="checkbox"/> NA <input checked="" type="checkbox"/> Compliant <input type="checkbox"/> Minor NC <input type="checkbox"/> Major NC
<p><b>Evaluation:</b> Since 2001, when a recorded 687.72 hectares of land were deforested for the plantings carried out in 2002, the company has not deforested areas in order to plant palm, in accordance with company policy set at that time. Both older and newer farms were evaluated by the State Environmental Agency for purposes of Licensing. The suppression of vegetation is one of the environmental aspects monitored. The first environmental licenses issued were in the 80s and 90s (for the farms: Agropalma, Crai, Agropar, Amapalma, Palmares). Others are recorded for 2006, 2008 and 2009. Two new farms, Trevo and Galiléia, still remain to be licensed. However, during visits no evidence of deforestation was found (indication of burning, remaining forest residues, stumps). Satellite images from July 2006 show that the region around the farms is fairly anthropic, supporting arguments made by the company regarding the implantation of palm only in already degraded areas. For the plantings carried out after 2005, Socio-environmental Impact Studies and Evaluations were carried out by a specialized consulting firm that confirmed the company's policy regarding no deforestation of native vegetation.</p>	

<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Environmental impact studies for implementation of new plantings. (<b>Docs 14 e 15, ANNEX 1</b>).</li> <li>- Satellite image January, 2006.</li> <li>- Farm environmental licenses. (<b>Doc 01, ANNEX 2</b>)</li> <li>- On site visits.</li> </ul>	
<p>Criterion 7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</p>	<p>( ) NA (X) Compliant</p>
<p>Evaluation:</p> <p>This criterion is similar to 4.3 and the justification for more detailed soil maps was already described in this item. There are no maps of the degraded soils. However, no evidence of planting in steep areas was found.</p>	<p>( ) Minor NC ( ) Major NC</p>
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Inspection of fields.</li> </ul>	
<p>Criterion 7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>The company demonstrated that it evaluates social aspects during the installation of new plantings. A communication channel exists for reception, handling, reply, negotiation, and solution to complaints and claims. The company always establishes plantings within its own lands and no evidence was found, in the studies or during the audit, of plantings installed in land belonging to, or prior occupied by, communities or traditional populations.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Reports evaluating new plantings and procedures for reception, handling, reply, negotiation and resolution of complaints and claims. (<b>Docs. 14 e 15, ANNEX 1</b>).</li> </ul>	
<p>Criterion 7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>The company keeps documentation for all its properties and no conflicts were found.</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Control of documentation for company properties (ANNEX social).</li> <li>- Interview with General Manager responsible for Legal and External Relations</li> </ul>	
<p>Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>During the audit, old and new planting areas were visited with the objective of verifying evidence of the use of burning and no evidence was found. Onsite inspections, interviews and Socio-Environmental Impact Studies of the new planting areas demonstrate that the company does not use burning as an agricultural practice.</p>	



<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- On Site visits</li> <li>- Socio-environmental Impact Studies of the new planting areas. (<i>Docs. 14 e 15, ANNEX 1</i>).</li> </ul>	
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<b>PRINCIPLE 8: Commitment to continuous improvement in key areas of activity</b>	
<p>Criterion 8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</p>	<p>( ) NA (X) Compliant ( ) Minor NC ( ) Major NC</p>
<p>Evaluation:</p> <p>The company installed an Integrated Management System (IMS), through which it monitors quality aspects, the environment, occupational health and safety, and social responsibility related to the operation. This system is organized in such a way as to predict, analyze and monitor impacts in order promote continual improvement in processes. (<i>Doc. 02, ANNEX 4</i>). The company demonstrated that the IMS is in working order, and presented monitoring records and internal audit records. There is also an Action Plan that seeks Continual Improvement, presented in <i>Doc 08, ANNEX 2</i>).</p>	
<p>Evidence: Documents, Interviews, Inspections:</p> <ul style="list-style-type: none"> <li>- Interviews with managers of the IMS.</li> <li>- Verification of records associated with IMS operation.</li> <li>- Continual Improvement Action Plan</li> </ul>	

### 3.4. Final Considerations

3.4.1. Strong points
<ul style="list-style-type: none"> <li>- Commitment to RSPO Principles and Criteria and engagement by senior managers, managers, and management teams. The company has a consolidated productive activity, managed by a system that takes into account aspects of production, the environment, labor and the economy, acting within legal regulations. With this, the company has naturally been preparing for RSPO certification, through incorporation of the Principles and Criteria in general routine operations. It should be noted that, in order to fulfill specific aspects of this Certification, the company invested significant effort, including active participation in the RSPO movement.</li> <li>- The company carries out periodic maintenance of its installations and equipment, in order to guarantee the quality and safety of its production processes.</li> <li>- The Management of Health and Safety, Environment, Quality and Social Responsibility is carried out in an integrated way through the Integrated Management System (IMS).</li> <li>- The management of agricultural production is based in practices aimed towards environmental conservation and the reduced use of agrochemicals, as well as erosion prevention, biological control, a ban on burning, and prohibition of deforestation of native vegetation.</li> <li>- Industrial processing activities are integrated in environmental management aspects: water recycling, waste recycling, fertigation using effluents, social aspects – employee health and safety, good technical training.</li> <li>- The operation stimulates environmental conservation of forest reserves with its incentive and support for the</li> </ul>

development of environmental studies in this area, as well as through its protection of forests through the employment of forest rangers.

- With the existence of the Agropalma School, leisure clubs, and gyms, the company improves the quality of life of its employees and demonstrates concern with their welfare.

- Training and experience of the management team and employees.

- IMS team is a model for others, providing documents, evidence and explanations on demand. They showed openness for recognizing opportunities for improvement, such as in the case of PPAs.

- Qualified and committed Agricultural and Industrial team, with an excellent degree of control over its activities: operational controls, contractual personnel management.

- Information requested was made available by prepared and qualified personnel, facilitating the audit.

- The Comunique program: safety at AMAPALMA, was evaluated by the auditors as an excellent example of quality management. Compliance with legislation is a minimum requirement for any company in Brazil. However, COMUNIQUE provides an example of how to go beyond the narrow requirements (for example, implement a working CIPA – Internal Commission for the Prevention of Accidents) and implement a broader vision of management (for example, implement a CIPA that actively participates in safety management).

- The company's efforts to reduce layoffs that occur at the end of each harvest season. Interviews indicated that this number, which previously varied from 600 to 700 layoffs, has been reduced to 70 layoffs at last harvest, as evidenced in the Statistical Report on gender, age, and salary on file with the HR department.

- The company contracts regional labor and participates in projects geared towards sustainable regional development: Agenda 21 for the Palmares Community, incentives for organized Family Agriculture.

### 3.4.2. Recommendations

- Improve communications channels for the field employees.


- Present a summary of the principal conclusions of the Socio-environmental Diagnostic for the Agropalma Group (positives and negatives). Present a schedule for projects in place and those to be implemented. When these are finalized, present a summary of the principal objectives reached.

- Evaluate the level of satisfaction among employees regarding the food offered in the field.

### 3.5. Certification Decision

IBD Certifications recommends that the “Agropalma Group” receive certification as palm oil producer within the RSPO standard.

#### Lead IBD auditor

Name	Candice Filipak Mansano Baldoni
Position	Audit Leader, Environment and Industry
Date	05/31/2011
Signature	

### 3.6. Formal acceptance of results

We hereby confirm that the information presented in this report is true to the RSPO work carried out by IBD within Agropalma Group.

We accept in full the content of this report and the results of this evaluation. We agree to implement all necessary corrective action as well as address any opportunities for improvement raised in order to fully comply with the criterion defined by the RSPO P&Cs.

#### Representative Agropalma Group

Name	Túlio Dias
Position	Manager of Socio-environmental Responsibility
Date	06/21/2011
Signature	