



TO: Heiko Liedeker, FSC
Hubert Bonafos, ASI
Other interested parties

FROM: Richard Z. Donovan, Chief of Forestry, Rainforest Alliance and
SmartWood (SW) Director

RE: SmartWood certifications in Uruguay, with particular note to
FYMNSA and WRM concerns

DATE: June 25, 2006

The following represent SW observations on our certification of FYMNSA, and in particular some observations on the recent critique of this certification in a newsletter and a separate report produced by Ricardo Carrere and the World Rainforest Movement. This is only a brief input and readers are encouraged to read our updated public summary on this certification that is available at www.smartwood.org. This public summary includes the results of all annual audits of FYMNSA, as well as a description of issues addressed at the time of initial certification.

1. SmartWood is examining these documents in detail and where there are weaknesses in our auditing or certification approach, SW Director R. Donovan is taking direct action and working with Regional Manager Katherine Pierront and auditors to address them.
2. The WRM report does not provide details on the overall approach to their analysis, in terms of sampling various opinions, observations from different sectors, etc. FSC requirements on consultation require that SW accept inputs from all sectors and stakeholders, and that we comprehensively document these interactions. Some stakeholders wish to remain confidential, or wish to keep their comments confidential, and SW honors such requests.
3. The WRM report findings related to stakeholder interaction do not agree with SW's records or information on numerous elements. We have done a preliminary fact check, and will be doing more. We are seeking to substantiate these perspectives and our next annual audit of FYMNSA will very specifically focus on clarifying the facts and perceptions in this regard. There is also more detailed information in our assessment and audit reports that was not made publicly available, and will be after the next audit. The following are some examples:
 - a. SW auditors has consistently sought WRM input, including from the authors of the various WRM reports, on every single SmartWood assessment or audit in Uruguay. Through emails and phone calls we have offered confidential face-to-face interviews, phone interviews, submission of written concerns, asking for contacts that our auditors should be in communication with, etc. This was done for initial certification assessment and subsequent annual audits, and also for other certification assessments in Uruguay that occurred since 2001.
 - b. As per above, for example, in 2001 during our evaluation of IFASA (Arazati), we were able to communicate with R. Carrere, who indicated complete disagreement

- with any plantation certification in Uruguay, no matter the operation. Our auditor's request to meet personally with him to discuss the topic in more detail was refused.
- c. A stakeholder notice was sent again for FYMNSA prior to field work (which occurred July 23-28, 2001), and a phone call to R. Carrere occurred again. A request for interaction was again refused.
 - d. The WRM report states that the head of a local workers union (Jose Bautista) indicated to SW his perspectives on FYMNSA certification and SW ignored them ("lo que dije a SmartWood sobre la certificación de FYMNSA no lo tuvieron en cuenta para nada" y que luego que vino SmartWood "). a los pocos días había un gran cartel de la certificadora en las oficinas de la empresa". We would clarify the following: SOIMANORPA, which Mr. Bautista heads up, was established in 2003. He was never interviewed during the initial assessment of FYMNSA simply because this organization did not exist at the moment. He was interviewed during subsequent assessment of another operation, Villa Luz, where he met with SW auditors Jacques Boutmy and Rolyn Medina. During that meeting he indicated that, from his perspective, WRM was not up to date on actual social or worker realities of operations in the field. He also indicated that FYMNSA was a leader in allowing the workers union to interact with FYMNSA workers, that his union maintains constant and very open communication with FYMNSA.
 - e. The FYMNSA operation covers 13,059 hectares, of which approximately 6,876 are actual tree plantations, and the remaining area includes conservation areas, natural forest that will not be converted, unplanted areas (open areas that were previously farmed by other owners and may become plantation), infrastructure, etc.
 - f. SmartWood public summaries meet FSC requirements. We are not aware of a single request for more information on the FYMNSA certification from WRM since 2001. However, we will seek to include even more information in the future to make the rationale for our conclusions and certification decisions clearer. Also, as has been the case since 2001, SW would welcome the opportunity, if agreed, to meet with WRM to clarify our process and other details on the certification procedures.
 - g. The WRM report does not refer to numerous conditions and corrective action requests (CARs) emitted by SW to cover some of the issues referred to in the WRM report. This is unfortunate because it implies SW ignored issues. The WRM report is not comprehensive in representing the results as per our public summary, and we would continue to refer readers/stakeholders to this public summary.
 - h. As is an issue in many parts of Uruguay, forest conversion has taken place for many years. We are not aware of forest conversions conducted by SW-certified operations in Uruguay since 1994, but would welcome evidence otherwise. Most negative impacts on native flora and fauna at FYMNSA occurred in previous years, apparently when the land was cleared for agriculture. During the 2006, SW will be auditing FYMNSA progress on wildlife inventories, which were the subject of previous CARs. We will also include more information on chemical usage in our upcoming audit report, to provide information on chemical usage that has not been in the public summary, but was in the more detailed full report.
 - i. The photographs included in the WRM report are misleading as no accompanying information is provided as to locations and dates of the pictures. These images, especially those related to working conditions in no way correspond to the reality in the FYMNSA operation.

4. Since certification, and as per SmartWood public summary information, we would point to the following actions taken by FYMNSA, at least in part in response to FSC auditing. However, it should be noted that, after checking again with SW auditors, SW is of the opinion that FYMNSA has met FSC requirements, i.e. the improvements below have enhanced their compliance with FSC requirements, in some cases going beyond requirements.
 - a. During 2003 and 2004, FYMNSA operations included inputs from approximately 700 staff and contractors. FYMNSA has now hired an External Labor Auditor to ensure compliance with labor laws, regulations and procedures for all staff and contractors. This auditor sends monthly reports to FYMNSA on these issues, including corrective action requests (CARs).
 - b. All woody or other debris from harvests that is not used for making forest products is redistributed on harvest areas to enhance soil and other values. The company is also using new equipment to reduce soil disturbance.
 - c. The company is eliminating the planting of *pinus patula*, due to growth and other issues.

This concludes our initial response to the WRM report. There are many other elements we could comment on, but we will provide more information after our 2006 annual audit.

Should WRM or other stakeholders have other questions or concerns, we look forward to further interactions and will provide more detailed response.