

The Forests Dialogue

Poverty Reduction through Commercial Forestry

Industry Reflection

Richards Bay – South Africa

June 2006



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Aracruz: Corporate Office and Mill Sites





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THE FOREST DIALOGUE

- Social/Political Perspective
- Economical/Political Perspective
- Environmental Perspective
- Internal Perspective



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THE FOREST DIALOGUE

SOCIAL/POLITICAL PERSPECTIVE

GOOD LESSONS

- Work done in Rio Grande do Sul by Riocell (ex-Klabin Unit, bought by Aracruz in 2003): simple and face-to-face approach with all the Stakeholders;
- CERFLOR development and recognition by PEFC: more Brazilian companies are using the System;
- Work in progress in South of Bahia, with Communities and NGO's - Collaborative Work among NGO's, Companies (Aracruz, Veracel and Suzano) and Communities;
- ESEA - "Espírito Santo em Ação" Movement.

BIG CHALLENGES

- Indian Communities in ES;
- Implementation of a Tech/Econ/Political/Envir/Social - TEPAS's Sustainable View;
- Industry is seen as an isolated "Island" by local communities in ES;
- Learn to listen communities and other local Stakeholders;
- Work in areas with weak Social Capital (BA);
- FSC Certification.



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ECONOMICAL/POLITICAL PERSPECTIVE

GOOD LESSONS

- Development of Local Industrial Suppliers Program in Espírito Santo State;
- ESEA (NGO) Participation;
- Forestry Partners Program;
- Development of Companies to Operate in the Forestry Area in the Country: many of them are growing fast, training their own employees; contracting Forest Engineers and certifying/improving their own management systems.

BIG CHALLENGES

- Full integration of small farmers in the forestry production chain, due to taxes and excessive and bureaucratic regulations in the Country;
- Economical planning of small farms to produce eucaliptus and other crops;
- Focus of the Federal Government is in election process, not in the development of the country: necessity of parties focused on long term view programs; internal discussions regarding socialism / capitalism understanding of the economic development; big issues in the country: social safety and unemployment rates.



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ENVIRONMENTAL PERSPECTIVE

GOOD LESSONS

- Development of good technical work with Brazilian and International Universities;
- CERFLOR development and recognition by PEFC: more Brazilian companies are using the System;
- Experience brought by Guaíba Unit related to work in a Stronger Social Capital Environment;
- Work done with Lutzemberger's NGO and Consulting Company in the Guaíba Unit;
- Work in progress in Veracel and south of Bahia (Aracruz + Suzano + Veracel).

BIG CHALLENGES

- Full integration of Environmental Management Systems: ISO 14001 and CERFLOR among different Units - different views and understanding of the full potential use of the System by the Company;
- Reduce pollution discharges & growing demands (cleaner technological approach);
- FSC Certification;
- Full cooperation among Brazilian companies in the "TFD - Atlantic Forest Dialogue" - 9 Companies working together.



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INTERNAL PERSPECTIVE

GOOD LESSONS

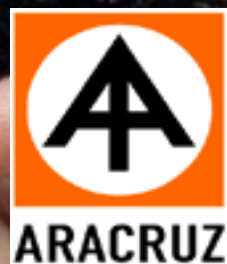
- Good technical background of the employees;
- Good Managers' Training Programs in the last 2 years;
- Fast Growing of the Company in the last 3 years: new models of management, new and different views, challenges to integrate different cultures and views of the Brazilian and the globalized society.

BIG CHALLENGES

- Integrate to an "engineering growing model company" different "mind models of its different Stakeholders";
- Create a more flexible, simple and functional managerial system;
- Allow and encourage people to discuss more frankly their mistakes and use them as opportunities to learn and develop best practices in the Company;
- Quality of life discussion (work demands x personal demands).

A close-up photograph of a person's hands cupping a small green seedling with several leaves, growing out of a mound of dark, rich soil. The background is dark and out of focus.

Thanks!



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