	SGS QUALIFOR (Associated Documents)	Doc. Number:	AD 54-F-06
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CONTROLLED WOOD RISK ASSESSMENT REPORT

INTRODUCTION

This document must be used with the RD 15-01 - Guideline - Approach and criteria for assessing risk when uncertified controlled wood is used in FSC certified products and FSC-ADV-40-016 V2 - Implementation of FSC Controlled Wood requirements in FSC STD-40-005 V2-1 and FSC-STD-20-011 V1-1.

This template is a guideline to do the risk assessment and must not be seen to include all information. Any other sources of information may be added to ensure that all detail were analysed.

This assessment must be done on origin of uncertified wood that will be used in FSC products as controlled wood.

If it is determined that the material is classified as being from a source that is classified as unspecified risk, the requirements of the RD16 - Guideline - Requirements for company verification program must be followed. This will be audited annually.

Note: This document details all the elements that are required to do the risk assessment. However, the document is divided into a "Restricted Information" section and a "Public Information" section. Only the information recorded in the "Public" section will be available on the FSC website. The information in the "Restricted" section will be covered by the SGS rules of confidentiality and will not be disclosed.

The Risk Assessment requires a precautionary approach. Any area worldwide is therefore considered "unspecified risk" until "low risk" can be determined in line with the risk assessment set out hereunder (refer Section 1.1 of FSC-STD-40-005)

The following is important:

1. The Risk Assessment shall begin at the broadest relevant scale. If conditions at a given scale are not sufficiently homogeneous to establish low risk, the scale shall be further decreased. The Risk Assessment shall be continued at decreasing scales until conditions are sufficiently homogeneous.
2. Risk designation may be possible at a national level under certain homogenous conditions, whereas under more heterogeneous conditions, risk designation may only be possible at a district or local level and/or at the level of subsets of eco-regions.
3. If more than one supplier is from the same low risk country only one risk assessment need to be completed for the specific country.
4. Companies are expected to review their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. This should be conducted before the annual surveillance by the certification body in which the certification body is expected to verify the revision process. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment
5. The document must be completed in one of the two official language of FSC (English or Spanish).

RESTRICTED INFORMATION

1. COMPANY DETAIL

Company name		TANAC S.A. – Tannin Unit
Certificate number:		SGS-COC-005361
Controlled wood Certificate number		SGS-CW-005361
Country:		Brazil
Company address		Physical Address: Torbjorn Weibull Street, 199 Zip code: 95.780-000 Montenegro – Rio Grande do Sul
Contact detail:	Contact person:	Tannin Unit: Volnei Koetz da Rosa – Quality Monitor
	Telephone:	Phone: +55 (51) 3632-4055
	Fax:	Fax: +55 (51) 3632-2863 / 3632-2499
	e-mail Address	vkrosa@tanac.com.br
Assessment done by:		Rogério A. Lorenz; Cristian Alberto Schenkel; Oldacir Estulano Soeiro
Relation to the company:		Raw material Purchase Department
Date:		April 19 th , 2011.
Signature		

2. SUPPLIERS DETAIL

2.1. *Region I*

2.2. *Region I*

Producer 1

Producer Name:	Celu de Lacerda
Country:	Brazil
District:	Barão do Triunfo

Producer 2

Producer Name:	Celio Schultz
Country:	Brazil
District:	Cerro Grande do Sul

Producer 3

Producer Name:	Elisandro Konflanz Bersch
Country:	Brazil
District:	Cerro Grande do Sul

Producer 4

Producer Name:	Marcus Pacheco Lindenau
Country:	Brazil
District:	Cerro Grande do Sul

Producer 5

Producer Name:	Pedro da Silva Pereira
Country:	Brazil
District:	Cerro Grande do Sul

Producer 6

Producer Name:	João Marques de Borba
Country:	Brazil
District:	Dom Pedrito

Producer 7

Producer Name:	Adalberto Oliveira Rocha
Country:	Brazil
District:	Sentinelado do Sul

Producer 8

Producer Name:	Vinício Leandro Bonness
Country:	Brazil
District:	Sertão Santana

Producer 9

Producer Name:	Rovani Miguel Kunrath
Country:	Brazil
District:	Barra do Ribeiro

Producer 10

Producer Name:	Alano Claro Asambuja
Country:	Brazil
District:	Camaqua

Producer 11

Producer Name:	Jailson Crepes George
Country:	Brazil
District:	Camaqua

Producer 12

Producer Name:	Vinicius Longaray Correa
Country:	Brazil
District:	Camaqua

Producer 13

Producer Name:	Aldrovando Lerias Araujo
Country:	Brazil
District:	Canguçu

Producer 14

Producer Name:	Adelso Richter
Country:	Brazil
District:	Cristal

2.3. Region II

Producer 1

Producer Name:	Claudio Ronaldo Martins
Country:	Brazil
District:	São Jerônimo

Producer 2

Producer Name:	Francisco de Oliveira Bunilha
Country:	Brazil
District:	São Jerônimo

Producer 3

Producer Name:	Mara de Freitas
Country:	Brazil
District:	São Jerônimo

Producer 4

Producer Name:	Alcey Machado Rosa
Country:	Brazil
District:	Encruzilhada do Sul

Producer 5

Producer Name:	Jose Luiz Essvein
Country:	Brazil
District:	Encruzilhada do Sul

Producer 6

Producer Name:	Neri Ferreira Lopes
Country:	Brazil
District:	Encruzilhada do Sul

Producer 7

Producer Name:	Paulo Renato Martins
Country:	Brazil
District:	Encruzilhada do Sul

2.4. Region III

Producer 1

Producer Name:	Carlos Eduardo Lorenz
Country:	Brazil
District:	Montenegro

Producer 2

Producer Name:	Cleo Luiz da Silva
Country:	Brazil
District:	Montenegro

Producer 3

Producer Name:	Hilario Henrique da Silva
Country:	Brazil
District:	Montenegro

Producer 4

Producer Name:	Nedio Sergio de Souza Campos
Country:	Brazil
District:	Montenegro

Producer 5

Producer Name:	Romario Ivani Muller
Country:	Brazil
District:	Montenegro

Producer 6

Producer Name:	Nilson de Oliveira Reis
Country:	Brazil
District:	Paverama

Producer 7

Producer Name:	Rui Gelson da Silva
Country:	Brazil
District:	Tabai

Producer 8

Producer Name:	Celso Luiz Kossmann
Country:	Brazil
District:	Triunfo

Producer 9

Producer Name:	Enio Narciso Kossmann
Country:	Brazil
District:	Triunfo

Producer 10

Producer Name:	Hedio da Silva Souza
Country:	Brazil
District:	Triunfo

Producer 11

Producer Name:	José Nogueira dos Santos
Country:	Brazil
District:	Triunfo

Producer 12

Producer Name:	Luiz Carlos Lima dos Santos
Country:	Brazil
District:	Triunfo

Producer 13

Producer Name:	Pedro Orlando da Rosa
Country:	Brazil
District:	Triunfo

Producer 14

Producer Name:	Vagner Moraes dos Santos
Country:	Brazil
District:	Triunfo

2.5. Region IV

Producer 1

Producer Name:	Alecsandro Wingert
Country:	Brazil
District:	Dois irmãos

Producer 2

Producer Name:	Paulo Evair Ruppenthal
Country:	Brazil
District:	Nova Petropolis

Producer 3

Producer Name:	José Ricardo Viegas
Country:	Brazil
District:	Nova Santa Rita

Producer 4

Producer Name:	Leonardo Berwian
Country:	Brazil
District:	Presidente Lucena

Producer 5

Producer Name:	Elenio Rost
Country:	Brazil
District:	Sapiranga

Producer 6

Producer Name:	Alexandre Adair Engelke
Country:	Brazil
District:	Três Coroas

2.6. Region V

Producer 1

Producer Name:	Pedro Airton Flores
Country:	Brazil
District:	Capela de Santana

Producer 2

Producer Name:	Felipe Weber
Country:	Brazil
District:	Carlos Barbosa

Producer 3

Producer Name:	Vilson Horbach
Country:	Brazil
District:	Poço das Antas

Producer 4

Producer Name:	Anderson Nied
Country:	Brazil
District:	Salvador do Sul

Producer 5

Producer Name:	Edson Luiz Weschenfelder
Country:	Brazil
District:	Salvador do Sul

Producer 6

Producer Name:	Pedro Zezinho Rhoden
Country:	Brazil
District:	Salvador do Sul

Producer 7

Producer Name:	Lirio Lario Kirst
Country:	Brazil
District:	São José do Sul

Producer 8

Producer Name:	Nelson Lenhart
Country:	Brazil
District:	São José do Sul

Producer 9

Producer Name:	Leo José Werner
Country:	Brazil
District:	São Pedro da Serra

3. LIST OF COUNTRIES AND DISTRICTS OF ORIGIN

List the countries and districts of origin of timber supplied within the company's FSC Controlled Wood Program.

Product	Species	District	Country
Bark and/or Wood	<i>Acacia mearnsii</i>	Barão do Triunfo	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Cerro Grande do Sul	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Dom Pedrito	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Sentinela do Sul	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Sertão Santana	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Barra do Ribeiro	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Camaqua	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Canguçu	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Cristal	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	São Jerônimo	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Encruzilhada do Sul	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Montenegro	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Paverama	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Tabai	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Triunfo	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Dois Irmãos	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Nova Petrópolis	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Nova Santa Rita	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Presidente Lucena	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Sapiranga	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Três Coroas	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Capela de Santana	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Poço das Antas	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Salvador do Sul	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	São José do Sul	Brazil

Bark and/or Wood	<i>Acacia mearnsii</i>	São Pedro da Serra	Brazil
Bark and/or Wood	<i>Acacia mearnsii</i>	Carlos Barbosa	Brazil

4. SUPPLY CHAIN

Manufacturers or traders that wish to control their timber sources within their own verification program shall demonstrate to the satisfaction of their certification body that its supply chain is identifiable and traceable down to the district (forest) level.

Company	Process	Input and origin	Controlled system verified
This item is not applied			

SGS Qualifor auditor:	
Comments:	
Date:	
Signature	



PUBLIC INFORMATION

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Approving Certification Body:	SGS South Africa (Pty) Ltd - Qualifor Programme PO Box 82582 Southdale South Africa 2135 E-mail Address: Forestry@sgs.com
Date of Risk Assessment	September 2010 to October 2010
Comments:	
Date Approved:	

B ORIGIN OF TIMBER

Country:	Brazil
District	Barão do Triunfo Cerro Grande do Sul Dom Pedrito Sentinela do Sul Sertão Santana Barra do Ribeiro Camaquã Canguçu Cristal São Jerônimo Encruzilhada do Sul Montenegro Paverama Tabai Triunfo Dois Irmãos Nova Petrópolis Nova Santa Rita Presidente Lucena Sapiranga Três Coroas Capela de Santana

	Carlos Barbosa Poço das Antas Salvador do Sul São José do Sul São Pedro da Serra		
Risk Assessment Level (indicate the risk for the different levels)	Country	District	FMU
	Brazil	Barão do Triunfo	Low
	Brazil	Cerro Grande do Sul	Low
	Brazil	Dom Pedrito	Low
	Brazil	Sentinela do Sul	Low
	Brazil	Sertão Santana	Low
	Brazil	Barra do Ribeiro	Low
	Brazil	Camaquã	Low
	Brazil	Canguçu	Low
	Brazil	Cristal	Low
	Brazil	São Jerônimo	Low
	Brazil	Encruzilhada do Sul	Low
	Brazil	Montenegro	Low
	Brazil	Paverama	Low
	Brazil	Tabai	Low
	Brazil	Triunfo	Low
	Brazil	Dois Irmãos	Low
	Brazil	Nova Petrópolis	Low
	Brazil	Nova Santa Rita	Low
	Brazil	Presidente Lucena	Low
	Brazil	Sapiranga	Low
	Brazil	Três Coroas	Low
	Brazil	Capela de Santana	Low
	Brazil	Carlos Barbosa	Low
	Brazil	Poço das Antas	Low
	Brazil	Salvador do Sul	Low
	Brazil	São José do Sul	Low
	Brazil	São Pedro da Serra	Low

C.RESULT OF RISK ASSESSMENT

<p>Type of source e.g. natural forest or plantations and general description of the supplier</p>	<p>The sources of the products are plantations.</p> <p>Suppliers: Small producers of planted Acacia in the south of Brazil</p> <p>The black acacia has an economic and social importance in the small properties, because 60% of plantations belong to small producers. The majority of the producers plants and harvests the black acacia off season. In the production region, for the majority of producers black acacia is one of the mean activities of rural income and in a lot of cases is the only activity at the rural property and therefore, the only source of rural income. To Mora (2002), more than 20.000 families live of black - acacia plantation.</p> <p>At the average, the value of annual production to the rural producers is R\$ 113,1 millions, being R\$ 5,1 millions came of bark trading and R\$ 108 millions, of wood.</p> <p>Source consulted: EMBRAPA - The Brazilian Agricultural Research Corporation's http://sistemasdeproducao.cnptia.embrapa.br. Consulted in April, 18^h, 2011.</p>
<p>Results (Low or Unspecified Risk) and motivation:</p>	<p>The audited producers at the region are considered Low Risk.</p> <p>Motivation: Field and documental audit without evidence of risk.</p> <p>Reasons: The audit realized by company has drawn evidences according to the indicators of the technical standard TANAC 1500-003-743/46-1 (ATTACHMENT I and II), in compliance with the FSC-STD-40-005 version 2.1: invoice; producer invoice; areas without traditional populations; conflicts absence; absence of the child labour; absence of slave labour; validation of right property documents; absence of interference in the natural ecosystems; absence of genetically modified organisms.</p>

SPECIFIC REQUIREMENTS FOR EACH FSC CONTROLLED WOOD CATEGORY

1. ILLEGALLY HARVESTED WOOD

- 1.1 The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present:

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low
1.1.1 Evidence of enforcement of logging related laws in the district		<p>Verified during the audit (evidences), the invoices and producers invoices.</p> <p>Producer invoice: According ordinary Law 11.571, January 4th, 2001, Rio Grande do Sul State: The producer invoices stub will be emitted through the titular registration as rural producer that has the right use of land (or right land rent or other kind of right). The titular should do the registration as producer when family develops rural activities inside the property.</p> <p>For doing the registration are necessary documents as Individual Identity Number and Identification (ID) of landowner and the land documents. These documents will be analysed for the State Competent Organization and if there is no restriction (with documents as ID and Individual Identity Number), the producer will be informed.</p> <p><u>Sources consulted:</u></p> <p>Law 11.571, January 4th, 2001, Rio Grande do Sul State, that gives information about the emission of the producer invoices stub in name of family.</p>	Low	

<p>1.1.2 There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits.</p>		<p>Nowadays there is not the necessity of license to cut exotic planted trees in the Rio Grande do Sul State.</p> <p>It was evidenced during the verification: invoices and producers invoices.</p> <p><u>Sources consulted:</u></p> <p>www.sema.rs.gov.br – Environmental Foundation of Rio Grande do Sul. Consulted in April, 2011.</p>	<p>Low</p>
<p>1.1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.</p>		<p>No reports identify illegal activities according the sources specified for the FSC.</p> <p>Sources consulted in April, 18th 2011.</p> <p>www.mp.rs.gov.br</p> <p>Electronic Journal of Public Ministry of Rio Grande do Sul</p> <p>www.fsc.org</p> <p>http://www.Transparency.org</p> <p>www.illegal-logging.info/</p> <p>www.fsc.org.br</p> <p>http://www.fsc-watch.org/</p>	<p>Low</p>
<p>1.1.4 There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade</p>		<p>No incidences of evidences of corruption were noted.</p> <p>The Index of Corruption Perception (CPI) in the Brazil is 3,7. This number is lower than the limit of FSC (5,0) to be considered as low risk.</p> <p>According topic 12 of standard FSC STD-40-005 version 2.1, if the low risk can not be certified, the producers should be evaluated according to the verification</p>	<p>Low</p>

		<p>program of company (topic 13 Standard - FSC-STD-40-005, version 2.1 and Technical Norm TANAC 15000-003-743/46-1). None area was considered as being low risk to the category of legality of wood harvest. On this way, 100% of producers were able to be in the samples for the audit, according to the sampling fixed by standard FSC-STD-40-005 version 2.1.</p> <p>During the audit accomplished, none evidence of illegality was found.</p> <p>Sources:</p> <p>Brazil Corruption Perceptions Index 2009 (fonte: www.transparency.org - Consulted in April, 18th, 2011)</p> <p>Perceptions of Corruptions www.panda.org</p> <p>Global Witness www.globalwitness.org http://www.fsc-watch.org</p>	
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2 WOOD HARVESTED IN VIOLATION OF TRADITIONAL OR CIVIL RIGHTS

- 2.1 The district of origin may be considered low risk in relation to the violation of traditional, civil and collective rights when all the following indicators are present:

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low
2.1.1 There is no UN Security Council ban on timber exports from the country concerned;		There is no prohibition of Acacia's exportation of Brazil.	Low	

		<p>Sources consulted in April 2011:</p> <p>Global Witness www.globalwitness.org</p> <p>CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)</p>	
2.1.2	The country or district is not designated a source of conflict timber (E.g. USAID Type 1 conflict timber);	Not applied. The districts are not designated as a source of conflict timber.	Low
2.1.3	There is no evidence of child labour or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned	<p>No evidences of slave labour or child labour were observed in the areas of production, according evaluation at field that was accomplished in accordance with the index of technical standard TANAC 15000-003-743/46-1, in compliance with FSC-STD-40-005 version 2.1.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Verification through interviews with workers about the minimum age to work according the kind of work realized - Consultation of employers listed in the Portaria 540 of Labour Ministry (about forced labour). Last atualization in March 17th, 2011. - http://portal.mte.gov.br/trab_escravo/portaria-do-mte-cria-cadastro-de-empresas-e-pessoas-autuadas-por-exploracao-do-trabalho-escravo.htm. <p>Fulfilment of work conditions check-list on the field (production areas) – ATTACHMENT III.</p> <ul style="list-style-type: none"> - Wage compatible to the activity executed; - Period/Duration of the activity executed (By Brazilian law: maximum of 10 hours 	Low

		<p>daily, if two extra hours are paid; or maximum of eight hours daily in normal conditions);</p> <ul style="list-style-type: none"> - Weekly paid rest; - Adequate feeding and drinking water conditions; - Worker is not paying debt with work; - Worker does not have his documents retained; - There is no difficulty in access to the work place and/or presence of armed guards. <p>Sources April, 18th, 2011:</p> <p>Law 8.069 of July 13th, 1990 – Child and Teenagers Statute</p> <p>Portaria 540 MTE - Labour Ministry – List of employers registered by the Ministry for using slave labour.</p> <p>Norma Regulamentar 15 – Labour Ministry – Activities and unhealthies operations.</p> <p>CLT - Consolidation of Labour Laws: Title III, Chapter IV – Protection of Minor Labour</p>	
<p>2.1.4 There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned;</p>		<p>There is no evidences of conflicts involving traditional rights (evaluation accomplished according indicators of Technical Standard TANAC 15000-003-743/46-1, in compliance with FSC-STD-40-005 version 2.1).</p> <p>Sources consulted in April, 18th, 2011:</p> <p>FSC National Initiatives and Regional Offices contacts</p> <p>www.fsc.org</p> <p>FUNAI: National Foundation of Indigenous people - Brazil</p> <p>Cultural Foundation Palmares – Culture Ministry – Brazil</p>	<p>Low</p>
<p>2.1.5 There is no evidence of violation of the ILO Convention</p>		<p>There is no evidences of violation of the</p>	<p>Low</p>

169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.		<p>Convention 169 of OIT (International Labour Organization) about Indigenous and Tribes People at the area (evaluation according indicators of Technical Standard TANAC 15000-003-743/46-1, in compliance with FSC-STD-40-005 version 2.1)</p> <p>Sources:</p> <p>Convention 169 of OIT - International Labour Organization</p> <p>FUNAI: National Foundation of Indigenous people – District of Bagé – Rio Grande do Sul – Brazil.</p>	
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3 WOOD HARVESTED FROM FOREST IN WHICH HIGH CONSERVATION VALUES ARE THREATENED BY MANAGEMENT ACTIVITIES

3.1 The district of origin may be considered low risk in relation to any threat to high conservation values if:

- a) indicator 3.1 is met; or
- b) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low
3.1.1 Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values;		<p>The management of planted forests done by the producers that supply raw material for TANAC does not threaten the natural forests of region. The FMU's respects the natural vegetation limited by forest law, harvesting only on the plantations areas.</p> <p>Sources consulted in April, 18th, 2011:</p> <p>Field audit</p> <p>www.fsc.org</p>	.Low	

		http://www.intactforests.org/data.ifl.kmz.html www.greenpeace.org http://www.conservation.org.br/arquivos/Mapa%20Hotspots%202005.pdf www.ramsar.org Convention on Wetlands of International Importance www.unesco.org	
3.1.2	A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the eco-region;	The protection of natural vegetation is assured by the forest laws. The FMU's are Renewable Plantations. Sources consulted in April, 18 th , 2011: www.fsc.org www.biodiversityhotspots.org www.govindicators.org www.mma.gov.br	

4 WOOD HARVESTED FROM AREAS BEING CONVERTED FROM FORESTS AND OTHER WOODED ECOSYSTEMS TO PLANTATIONS OR NON-FOREST USES

- 4.1. The district of origin may be considered low risk in relation to conversion of forest to plantations or non-forest uses when the following indicator is present:

[Note: the change from plantations to other land uses is not considered as conversion].

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low

<p>4.1.1 There is no net loss AND no significant rate of loss (> 0.5% per year) of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question</p>		<p>According The Nacional Institute for Scace Research (INPE) and the SOS Mata Atlântica, in the period 2008 – 2010. the deforestation tax at the Atlantic Forest between 2008 – 2010 was 0.19%</p> <p>Besides that, the protection of natural vegetation is assured by the forest laws. The FMU's are Renewable Plantations, what was verified in field during audits.</p> <p>Sources consulted in April, 18th, 2011: http://www.inpe.br</p>	<p>Low</p>
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5 WOOD FROM FORESTS IN WHICH GENETICALLY MODIFIED TREES ARE PLANTED

5.1 Requirements related to wood from forests in which genetically modified trees are planted

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low
<p>5.1.1 The district of origin may be considered low risk in relation to wood from genetically modified trees when one of the following indicators is complied with:</p> <p>a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned. OR</p> <p>b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use</p>	<p>FAO, 2004. Preliminary review of biotechnology in forestry, including genetic modification. Forest Genetic Resources Working Paper FGR/59E. Forest Resources Development Service, Forest Resources Division, Rome, Italy. Available online: http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>National and regional data sources</p>	<p>There is no plantation or commercial use of genetically modified acacia in Rio Grande do Sul. The use of OGM's is prohibited to the commercial plantation at Brazil without licence of the CTNBio (National Technical Biosafety Committee). There is no license for planting genetically modified acacia until now and there is no demand for it until the present moment.</p> <p>Until now, there is not regulation of experimental use of acacia genetically modified at Brazil.</p> <p>Sources consulted in April, 18th, 2011:</p>	<p>.Low</p>	

<p>OR</p> <p>c) It is forbidden to use genetically modified trees commercially in the country concerned.</p>		<p>CTNBio: National Technical Biosafety Committee</p> <p>www.cib.org.br</p> <p>The unique forest genre that is approved to the experimentation of TRANSGENY at Brazil is the Eucalyptus. TANAC does not plant Eucalyptus in Brazil and there is no evidence of tests or transgenic material available to acacia.</p>	
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6 GENERAL

Requirements	Examples of sources of information	Finding & Evidence (FSC-ADV-40-016 v2 - Sources of information used to assess the indicators must be listed)	Result	
			Unspecified risk	Low
General search on the company		<p>There is no news or notes in the internet about Tanac or their suppliers.</p> <p>Sources consulted in April 18th, 2011:</p> <p>www.google.com.br</p> <p>www.mp.rs.gov.br</p> <p>Electronic Journal of Public Ministry of Rio Grande do Sul</p> <p><u>General information about Acacia</u></p> <p>The black – acacia plantation has a lot of attributes as: recovery action of the soil with low fertility. Acacia allows association with agriculture crops and animals breeding. Its bark is used at industry. Carpanezzi (1998) emphasizes that black-acacia is an ideal species to the environmental recovery,</p>	.Low	

		<p>because it is a pioneer species, that rapidly recovers the soil. It is not an invasive species, it does not inhibit the local succession and enrich the soil.</p> <p>Due its fast growth, the capacity of adaptation to the different locals, even if in areas that had lost the surface soil, the black-acacia has been important at the erosion control (Kannegiesser, 1990).</p> <p>Source:</p> <p>EMBRAPA - The Brazilian Agricultural Research Corporation's</p> <p>http://sistemasdeproducao.cnptia.embrapa.br</p> <p>Laws consulted for the TANAC:</p> <p>Law 8.069, July 13th 1990 - – Child and Teenagers Statute</p> <p>Portaria 540 MTE - Labour Ministry – List of employers registered by the Ministry for using slave labour</p> <p>Standard 15 NR-15 MTE – Activities and operations unhealthies.</p> <p>CLT - Consolidation of Labor Laws: Title III, Chapter IV – Protection of Minor Labor</p> <p>Convention 20 OIT (International Labor Organization) – Forced Labor or Compulsory</p> <p>Convention 105 OIT (International Labor Organization) – Abolishment of Force Labor</p> <p>Law 11.571, January 4th, 2001, Rio Grande do Sul State, that gives information about the emission of the producer invoices stub in name of family.</p>	
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End of report

ATTACHMENT I

1. OBJECTIVE

To establish the system and responsibilities for the controlled material source evaluation in the Units Tannine and Chip of Tanac S. A. located in Montenegro and Rio Grande cities, Rio Grande do Sul, Brazil. This norm follows the FSC requisites to avoid purchasing material from unacceptable sources.

2. APLICATION

This TN applies to Purchase Material Department and to the receiving material areas in Tanac Units of Montenegro and Rio Grande.

3. DISTRIBUTION

Table 1 – Activity Areas

ACTIVITY AREA
Tanac S. A. Administration - Rio Grande
Purchase Material Departament
Receiving Material Areas – Montenegro e Rio Grande

4. DEFINITIONS

Controlled Material: wood or bark from uncertified sources that has to be evaluated to be classified as its risk of origin.

Genetic Engineer: hall of modern techniques in molecular biology that allows an alteration of the genetic code of a live being.

Genetic breeding: techniques of selection and propagation of individuals that allows the improvement of the population average for one or more characters.

CTNBio: National Technical Biosafety Committee.

Traditional population: a human group that distinguishes from the national society due their social, cultural and economical conditions. That organizes themselves totally or partially by their own customs or traditions or trough an especial law and that conserves their own social, economical and culture institutions or part of them.

Indigenous people: collectivities that distinguishes themselves from the national society because they recognize their historical linkage with Amerindian populations antecedent of the European colonization process.

Quilombola: black slaves descendents whom antecessors have escaped from the engines forming groups of refugees called *quilombos*.

Forced work / slavery: any work that an individual has to do under threaten of some punishment and for what he/she has not been volunteered presented (ILO Convention 29). There are four forms of liberty limitation: servitude by debt, documents retention, and difficult access to the work area and presence of guards armed.

ILO: International of Labour Organization.

Dangerousness: characteristic of contact with explosive substances, inflammable and with electricity that exposes the worker to a big risk.

Unhealthiness: the exposition to the chemical, physical or biological agents that prejudice the health.

MTE: Ministry of Labour and Employment

Dangerous labour: work that requires the contact with explosive substances, inflammable and with electricity that exposes the worker to a big risk.

Unhealthiness labour: work that requires the exposition to the chemical, physical or biological agents that prejudice the health.

5. COMPLEMENTARY NORMS

NT 5210-003-422-6 – Chain of Custody Manual – FSC

NT 4200-014-741/46-1 – Evaluation of Suppliers and Third parts

NT 2100-004-710-1 – Production programme

NT 5300-001-710-2 – Raw Material and inputs Quality Plan

Tanac Policy for using forestry raw material

FSC-STD-40-005 (versão 2.1) – Standard for Company Evaluation of FSC controlled wood

Law 8.069, July 13th, 1990 – Child and Teenagers Statute

Convention 29 ILO (International Labour Organization) – Forced or Compulsory Labour

Convention 105 ILO (International Labour Organization) – Forced Labour Abolishment Portaria

540 MTE (Labour Ministry) (15/10/2004) – List of employers registered by the Ministry for using slave labour.

CLT - Consolidation of Labour Laws: Title III, Chapter IV – Protection of Minor Labour

6. GENERAL CONDITIONS

The Raw Material Department shall evaluate the producers not-certified by FSC about the origin of the raw material (bark or wood) sold, following the established procedures in this standard, according standard FSC-STD-40-005 - Standard for Company Evaluation of FSC controlled wood

7. PROCEDURES AND RESPONSABILITIES

7.1. Informations and Documents Control

Responsibility: Raw material purchase Department

Keep the following informations and documents for the minimum period of 5 years:

- The whole origin of raw material received for the organization, giving names of districts and the producers and suppliers;
- Producers documents that confirm the wood origin in the district level;
- Record of the annual sample calculation;
- Record of the producers sorted;
- Record of the check-lists used on the field evaluation.

7.2. Producers evaluation – samples and standards

Responsibility: Raw material purchase Department

7.2.1. Sampling the risk evaluation of raw material producers

Due to a precautionary approach, TANAC has primarily considered all the regions as high risk. Any area worldwide is therefore considered high risk until low risk can be determined through a proper risk assessment (Annex 2 / FSC-STD-40-005 v2-1).

The risk assessment of not certified producers will be accomplished through sampling:

- The evaluation on the field will be accomplished between September and December.
- The sampling for the assessment will be taken from the list of the producers that had supplied raw material for the TANAC on the year before.
- The sample number (N) for the field audit through will be calculated by the formula determined on the FSC-STD_40-005 Standard (version 2.1)

$$N = 0,8 \times \sqrt{\text{number of producers}}$$

- The formula shall be applied by each one of the 5 regions of forest management.
- For the regions that contains districts that belong to the lists of *Quilombolas* and indigenous people, it will be taken two distincts samples, being one to the districts group that has *quilombolas* and/or indigenous people and other to the others districts.

- The sampled producer shall be in activity in the evaluation period. If he is not, it shall be selected the next producer in activity on the list.
- If the producers number to be sampled in one region is bigger than the producers number in activity in the same region, other producers shall be assessed on the nearest regions, until the sample is complete.
- If the number of producers in activity is not enough to complete the sample, it shall be evaluated producers/suppliers that are without activity.
- The interviews will be accomplished on the field with at least one worker by property.
- The producers who will be evaluated will be sorted in the Excel, after filtering the properties in activity and filtering the districts with indigenous/*quilombolas* communities, when applied. If the sorted producer has not more commercial relation with TANAC or others problems, it will be used the next producer for the sample.
- The sample calculation, the sorting of the producers and the field assessment will be accomplished by one professional of Tanac trained by the Raw Material Department.

7.2.2. Standards and methodology for not-certified producers evaluation.

7.2.2.1. Producers Assessment

Every producers selected on sample will be evaluated by "Raw Material Producer Evaluation Chain Custody" with the requirements below:

a) Evaluation raw material source according to the illegal cutting of trees/forests:

To evaluate the forest harvest legality it will be adopted the following procedure:

CRITERIA (1): Bill of Sale or Producer Invoice

Indicator (1): The producer has the Bill of Sale and the Producer Invoice

- Consult the site www.sintegra.gov.br

Classification (1)

- There is no evidence of the documents (Producer Invoice or Bill of Sale)
- There is evidence of the documents (Producer Invoice or Bill of Sale)

b) Evaluation of the raw material origin according the violation of traditional and civil rights:

CRITERIA (2): Indigenous area or *Quilombola* and/or slave labour and/or child labour.

Indigenous area:

- Check on the field if the sampled producer is indigenous **or** if he/she is at an indigenous area **or** if there is any conflict with indigenous community.

Quilombola:

- Check on the field if the sampled producer is a *quilombola* **or** if he/she is at a *Quilombo* **or** if there is any conflict with *quilombolas*.

PS: The list of districts identifying indigenous areas and *quilombolas* shall be updated at the sample moment. Sites should be consulted: www.funai.gov.br to the indigenous area and www.palmares.gov.br to the quilombola area, or contact by phone or email, with the representative entities.

Indicator 2: Localization of the property and existence of conflict.

Classification (2)

- Property is not located at indigenous or quilombola area
- Property is located at indigenous or quilombola area and there is not conflict
- Property is located at indigenous or quilombola area and there is conflict

Child labour:

To the child labour will be used the following criteria:

Indicator 3: Labour conditions

Classification (3)

- Worker is more than 18 years-old
- Worker is less than 16 years-old
- Worker is between 16 and 18 years-old and the work is dangerous, unhealthy or painful (ex: tree-cutting by chain saw / herbicide application, work at unhealthy locals)

- Worker is less than 18 years and the work is nocturne (between 10 p.m. and 05 a.m.)
- Worker is between 16 and 18 years-old and the work is light (not dangerous, unhealthy or painful)

Forced/slave Labour:

Indicator (4): Portaria 540 do MTE (Labour Ministry) – forced work

- Consult the employer database on site www.mte.gov.br

Classification (4)

- Producer is not listed in the Portaria 540 do MTE
- Producer is listed in the Portaria 540 do MTE.

Indicator 5: Inappropriate Payments

Classification (5)

- Workers do not pay debts with work
- Workers pay debts with work

Indicator (6): Worker's documents

Classification (6)

- Worker has not your documents withheld
- Worker has your documents withheld

Indicator 7: Difficulty in access to the work place

Classification (7)

- There is no difficulty in access to the work place and/or presence of armed guards
- There is extreme difficulty in access to the work place and/or presence of armed guards

Indicator 8: Discrimination at local work

Classification (8)

- Absence of discrimination at local work

- Presence of discrimination at local work

Indicator (9): Freedom of association and Rights for collective negotiation

Classificação (9)

- Absence of discrimination at local work
- Presence of discrimination at local work

CRITERIA (3): Property rights

Sources consulted: producer documents.

The sampled producer shall supply the ownership documents or Producer invoice or documents that confirm right property. In case of rent agreement there is the necessity to present the legal registration of land.

Indicator (10): Documents of right property

Classification (10)

- Presentation of documents: land register, possession register, producer invoice, land rent agreement
- Not presentation of documents: land register, possession register, producer invoice, rent agreement

c) Evaluation of origin of raw material according to the conservation of high value ecosystems

The item 3.1 of standard FSC STD 40-005, version 2.1, page 26, cites the necessity that areas with attributes of high conservation values not be threaten by harvesting activity. Due precautionary approach, that considers the existence of attributes of high conservation value in whole regions evaluated, the focus of evaluation of this item will be the possible threat that occurs because the activity in the region.

Indicator (11): Negative environmental impacts

Classification (11)

- Negative impacts are not observed: inadequate waste disposal; damages on the native forest; irregularity on roads construction; irregular fires; irregular hunt; damage on water streams
- Negative impacts are observed: inadequate waste disposal; damages on the native forest; irregularity on roads construction; irregular fires; irregular hunt; damage on water streams

d) Evaluation of raw material origin according to natural areas conversion:

This item evaluates if natural forests are not being converted in plantations.

Indicator (12): Documents as Bill of Sale and Producer Invoice, and Conformation Producer Declaration are presented.

PS.: Through consultation of www.sintegra.gov.br is obtained the CNAE – National Registration of Economic Activity and this register situation. This document allows identifying how long the economic activity is taking place on the property. To effective this register the producer is obligated to present the Land Register or the Rent Contract or other document in order to prove the ownership.

Classificação (12)

- There is evidence of the documents: Bill of Sale and Producer Invoice, and Conformation Producer Declaration
- There is not the evidence of the documents: Bill of Sale and Producer Invoice, and Conformation Producer Declaration

e) Evaluation of origin according to the genetic modification:

This item is monitored through the regulations of Technology and Science Ministry and CTNBio (National Technical Biosafety Committee), that can affects the present criteria. The list of material modified genetically approved by CTNBio, is accompanied annually through the site <http://www.ctnbio.gov.br>.

7.2.2.2. Results of producers evaluation

The results of producers evaluation shall be available on the site of the company to the interested public. Annually a final report shall be done according SGS pattern, in Portuguese and English and shall be sent to the Certification Body.

The producers that do not attend the requirements (according field index) should be excluded temporarily of TANAC supplier's register, until him/her attends the whole exigencies of check-list. These producers shall not supply wood or bark to TANAC until they demonstrate their

compliance to this norm, otherwise they will have their product separated in the whole production line.

7.2. Producer Declaration

For all material purchase the responsible Department will ask for the Producer's Declaration related to the compliance of the controlled-material requirements.

HISTORICAL REVIEW

Tabela 1 – Review Control

Rev.	DATE	RESPONSIBLE	OBSERVATIONS
0	07/01/08	Carlos Gilberto Silva	- TN General Review and approval
1	03/10/08	Decionir Oliveira da Luz	- TN General Review including amendments on the evaluation system
2	14/06/10	Decionir Oliveira da Luz	- TN General Review including amendments on the evaluation system

ATTACHMENT II



QUALIFICATION OF PRODUCER/SUPPLIER OF FOREST RAW MATERIAL

1. PRODUCER/SUPPLIER DATA		Date: ___/___/___
1.1. Name:		
1.2. Address:		District:
1.3. Telephone number:	Fax:	e-mail:

2. LEGAL CONSIDERATIONS	Yes	No
2.1. The producer / supplier has the bill of sale or the producer invoice?	<input type="checkbox"/>	<input type="checkbox"/>
2.2. The producer / supplier is located in area () Indigenous and/or () <i>Quilombola</i> ? Is there conflict?	<input type="checkbox"/>	<input type="checkbox"/>
2.3. There is conflict of ownership in the properties that the producer / supplier plants and harvests acácia forests ? In positive case, which?	<input type="checkbox"/>	<input type="checkbox"/>
2.4. There is illegal harvesting at the property where the producer / supplier works?	<input type="checkbox"/>	<input type="checkbox"/>
2.5. The producer / supplier uses genetically modify seeds?	<input type="checkbox"/>	<input type="checkbox"/>
2.6. The producer / supplier convert natural forests in plantations?	<input type="checkbox"/>	<input type="checkbox"/>
2.7. The producer / supplier has forests located at áreas with high conservation value?	<input type="checkbox"/>	<input type="checkbox"/>
2.8. The producer / supplier harvests younger forests (under the 4 years old)?	<input type="checkbox"/>	<input type="checkbox"/>

3. PRODUCER / SUPPLIER SUPPLYING CAPACITY

Species	Ha	Planting year	District


4. RESPONSIBLE

Signature:

5. Final Report

Approval:		YES		NO
Supervisor CMP	Manager CMP			

ATTACHMENT III

		RAW MATERIAL PRODUCER EVALUATION- CHAIN CUSTODY	
Species: () Acacia () Others – Which? _____			
Producer's Name:			
Address:			
District:		Region:	
Product: () Bark () Wood		Quantity: _____ Ton / _____ mst	
EVALUATION: A= Attend NA= Not attend			
a) Evaluation of the origin according the illegal cutting of trees/forests Avaliação de origem quanto ao corte ilegal de árvores/florestas			
CRITÉRIA 1: Bill of sale or Producer Invoice:			
Indicator 1: The producer has the Bill of Sale and the Producer Invoice:			
There is evidence of the documents		() A	
There is no evidence of the documents		() NA	
b) Avaliação de origem da matéria-prima quanto à violação de direitos tradicionais e civis			
CRITÉRIA 2: Indigenous area or Quilombola and/or slave labour and/or child labour			
Indicator 2: Localization of the property and existence of conflict			
Property is not located at indigenous or quilombola area		() A	
Property is located at indigenous or quilombola area and there is not conflict		() A	
Property is located at indigenous or quilombola area and there is conflict		() NA	
Obs:			
Indicator 3: Labour conditions			
Worker is more than 18 years-old		() A	
Worker is less than 16 years-old		() NA	
Worker is between 16 and 18 years-old and the work is dangerous, unhealthy or painful (ex: tree-cutting by chain saw / herbicide application, work at unhealthy locals)		() NA	
Worker is less than 18 years and the work is nocturne (between 10 p.m. and 05 a.m.)		() NA	
Worker is between 16 and 18 years-old and the work is light (not dangerous, unhealthy or painful)		() A	
Indicator 4: Portaria 540 do MTE (Labour Ministry) – forced work			
Producer is not listed in the Portaria 540 do MTE		() A	
Producer is listed in the Portaria 540 do MTE		() NA	
Indicator 5: Inappropriate Payments			
Workers do not pay debts with work		() A	
Workers pay debts with work		() NA	



RAW MATERIAL PRODUCER EVALUATION– CHAIN CUSTODY

EVALUATION: A= Attend NA= Not attend

Indicator 6: Worker documents		
Worker has not his/her documents withheld		() A
Worker has his/her documents withheld		() NA
Indicator 7: Difficulty in access to the work place		
There is no difficulty in access to the work place and/or presence of armed guards		() A
There is extreme difficulty in access to the work place and/or presence of armed guards		() NA
Indicator 8: Discrimination at local work		
Absence of discrimination at local work		() A
Presence of discrimination at local work		() NA
Indicator 9: Freedom of association and Rights for collective negotiation		
The worker has freedom of association and rights for collective negotiation		() A
The worker has not freedom of association and rights for collective negotiation		() NA
CRITÉRIA 3: Property rights		
Indicator 10: Documents of right property		
Presentation of documents: land register, possession register, producer invoice, land rent agreement		() A
Not presentation of documents: land register, possession register, producer invoice, rent agreement		() NA
Obs:		
c) Evaluation of origin of raw material according to the conservation of high value ecosystems		
Indicator 11: Negative environmental impacts		
Negative impacts are not observed: inadequate waste disposal; damages on the native forest; irregularity on roads construction; irregular fires; irregular hunt; damage on water streams		() A
Negative impacts are observed: inadequate waste disposal; damages on the native forest; irregularity on roads construction; irregular fires; irregular hunt; damage on water streams		() NA
Obs:		
d) Evaluation of raw material origin according to natural areas conversion		
Indicator 12: Documents as Bill of Sale and Producer Invoice, and Conformation Producer Declaration are presented.		
There is evidence of the documents: Bill of Sale and Producer Invoice, and Conformation Producer Declaration		() A
There is no evidence of the documents: Bill of Sale and Producer Invoice, and Conformation Producer Declaration		() NA
e) Evaluation of origin according to the genetic modification – Not applied		
Evaluation responsible:	Date:	