



VERIFICATION OF SOCIAL CARBON REPORT

KITAMBAR Ceramic Fuel Switching Project

AUDIT VERIFICATION PERIOD

MAY, 2010 (REFERRED FOR THE PERIOD OF AUGUST 2008 - APRIL 2010)

REVISION N°. 01

VERIFICATION REPORT

Date of first issue: 22/07/2010	Organizational unit: Bureau Veritas Certification Holding SAS
Client: Kitambar Ceramic Fuel Switching Project	Client ref.: Antonio Marcos Tavares Barbosa Owner of the enterprise (Director)
Summary: Bureau Veritas Certification has made the verification of Social Carbon Report of Kitambar Artefatos de Cerâmica Ltda - BR 232, KM 136 - Distrito Industrial - Postal Code: 55000 - 000, Brasil - Phone +55 (81) 3722-77774 - kitambar@yahoo.com The application of the Social Carbon Method for the sector and the implementation of the Social Carbon Methodology (SCM) to establish the diagnosis of social and environmental conditions of the project, are based on indicators of SCM, which are specific to the activities of the ceramic industry. This sector is mainly composed of small scale industries. Although they have great experience in the production of red ceramic devices, these companies have low technological performance regarding (i) its efficiency, (ii) quality of production, and (iii) environmental impacts. Furthermore, the workers' profile is characterized by lacks of social and economic order, such as lack of professional qualification and financial difficulties. The verification scope is defined as an independent and objective review of the project, which basis is the Social Report version 3 resulted from the application of the Social Carbon Methodology (SCM) in both industries, site visit, interviews with the employees and, in some cases with the proponent, and the analysis of relevant documents. The information in these documents is reviewed against the application of the rules of the Social Carbon Methodology and associated interpretations. This independent verification aimed to identify the trend of applying the Social Carbon methodology in the plant during the period May, 2010 (Referred for the period of August 2008 - April 2010). In this specific report, the verification accomplished by Bureau Veritas Certification aimed at evidencing the accuracy of all information contained in the report about the <i>Kitambar</i> Ceramic Fuel Switching Project made by the Social Carbon Company.	

Report No.: BRAZIL-01262/2010 - A		
Project title: Kitambar Ceramic Fuel Switching Project		
Work verified by: Luiz Carlos da Silva Lima – Auditor of Social Responsibility and Environmental Sustainability Ricardo Fontenele Climate Change Manager		
Date of this revision: 11/07/2010	Rev. No.: 01	Number of pages: 21

Indexing terms

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Abbreviations change / add to the list as necessary

BVC	Bureau Veritas Certification
CDM	Clean Development Mechanism
CH ₄	Methane
CIPA	Internal Commission for Accident Prevention (originally, <i>Comissão Interna de Prevenção de Acidentes</i>)
CO ₂	Carbon Dioxide
GHG	Green House Gas(es)
ISO	International Organization for Standardization
LI	Installation License
LO	Operation License
LP	Preliminary License
MP	Monitoring Plan
NGO	Non Government Organization
SCM	Social Carbon Methodology
SEBRAE	Brazilian Service of Supporting Small Companies
CESST	Specialized Center in Health and Safety at work
PDD	Project Design Document
DOE	Designated Operational Entity



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1 INTRODUCTION

Carbon Social Environmental Services Ltda has commissioned Bureau Veritas Certification to validate the of Social Carbon Report of Kitambar Artefatos de cerâmica Ltda - BR 232, KM 136 – Distrito Industrial Postal Code: 55000 - 000, Brazil - **Phone** +55 (81) 3722-7777- kitambar@yahoo.com.

This report summarizes the findings of the verification of the project, performed on the basis of the Social Carbon Methodology and criteria within the Bureau Veritas Certification to verify the accuracy and consistency of information in the report prepared by the Social Carbon Environmental Services Ltda.

1.1 Objective and Scope

The audit by Bureau Veritas Certification sought to verify and validate the application of the Social Carbon Methodology for the period May, 2010 (Referred for the period of August 2008 – April 2010), by verifying the accuracy of information provided in the About the Project Report prepared Industries Ceramic Kitambar, Caruaru, State of Pernambuco, Brazil. The data were analyzed to ensure that the project contributes to Sustainable Development in Brazil, since the replacement of wood from native forests for biomass - renewable fuel.

Furthermore, the records of biomass and wood consumption were verified aiming at ensuring the veracity of information from the report, relating to gas emissions and carbon credits resulting from the end of native wood use.

The validation scope is defined as an independent and objective review of the project, which basis is the Report resulted from the application of the Social Carbon Methodology (SCM) in both industries, site visit, interviews with the employees and, in some cases with the proponent, and the analysis of relevant documents. The information in these documents is reviewed against the application of the rules of the Social Carbon Methodology and associated interpretations.

The verification is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

1.2 Validation team

The verification team consists of the following personnel:

Luiz Carlos da Silva Lima - Bureau Veritas Certification Auditor of Social and Environmental Responsibility, Sustainability Specialist

Ricardo Fontenele- Bureau Veritas Certification Team Leader, Climate Change Verifier

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2 METHOD OF APPLYING SOCIAL CARBON METHODOLOGY

2.1. Elements considered in the application of the Social Carbon Method for the sector

The application of the Social Carbon Methodology (SCM) requires a diagnosis of the social-environmental conditions within the project, based on the SCM Indicators, which are specific for the activities developed by ceramic industries.

This sector is composed mostly by small scale industries. Although they have vast experience in the production of red ceramic devices, these companies present low technological performance regarding (i) their efficiency, (ii) production quality control, and (iii) environmental impacts. In addition, the workers' profile is characterized by social and economical privation, as well as lack of professional capacity and financial difficulties.

A survey carried out by the ceramic sector demonstrated that, in order to reach sustainable development, it would be necessary to adopt internal actions of social and environmental responsibilities aiming at the improvement of working conditions, human and technological resources and reduction of environmental impacts, which may happen only by means of efficient and rational use of available resources.

Therefore, SCM does not evaluate the direct influence of the project on local communities, but on the community regarding the Ceramic Industry.

During the evaluation of this project, the boundaries considered for analysis are characterized by the red ceramic productive cycle, as presented below:

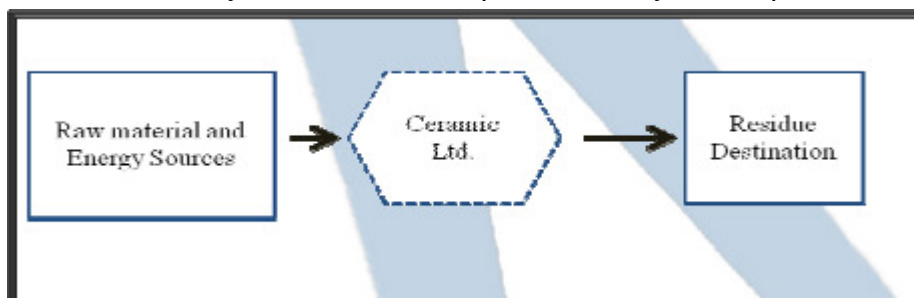


Figure 1: Productive Process Boundaries

As observed in figure 1 the organizational and operational boundaries may encompass hundreds of kilometers, especially, due to the distance between the company and its suppliers, and also the extension of the storage area. Therefore, the Social Carbon Methodology establishes that during the evaluation, the company is only responsible for activities or for the impacts attributed to the project activity, according to the following framework:

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Activities and impacts under the evaluation of the Social Carbon Methodology are accomplished in one or more of the criteria described below:

- a) Being controlled totally or partially by the organization responsible for the Project.
- b) Being related to the project on a proven or evident form;
- c) Being evidenced by the project on a proven or evident form;
- d) Being attributable directly or indirectly to the project on a proven or evident form.

The approach of the Social Carbon Methodology can be summarized according to the following scheme:

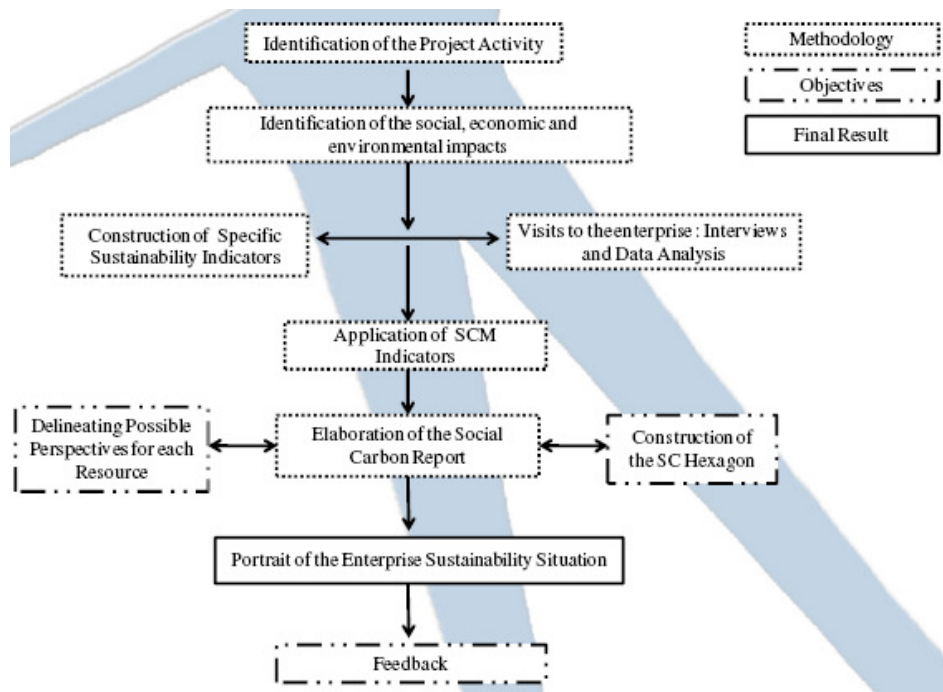


Figure 2: Scheme of the application of Social Carbon Methodology

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2.2 Method used for obtaining information

The method used for applying the Social Carbon Methodology indicators was the following:

Stage 01: Elaboration of a questionnaire.

Stage 02: Site visit to the ceramic industry.

Stage 03: During the site visit, the questionnaire was filled by those responsible for the methodology application by means of semi-structured interviews with the participants, with the purpose of obtaining information about the six resources of the Social Carbon Methodology.

Stage 04: Obtainment of some evidence during the visit, such as pictures and documents.

2.3 General Performance

The average index obtained by all the analyzed resources represents the conditions of the industry, as shown in the graph at page 09. To analyze the situation correctly it is very important to consider the meaning of each index. The index values represent the following situations:

Indices 1 and 2:

Situation: Critical.

Characteristics: situations involving legal irregularities and/or practices which represent high social and environmental risks and/or significant conditions of social and environmental degradation.

Indices 3 and 4:

Situation: Satisfactory. Transitory.

Characteristics: situations in which the industry attends all legal regulations related to its activity, being capable to surpass them by means of the adoption of good environmental practices and voluntary actions in some cases.

Indices 5 and 6:

Situation: Sustainable.

Characteristics: situations in which the industry has already surpassed the legal demands and/or common practices, adopting in several cases the best possible practice to the sector.

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2.4. Results Analysis Project – May, 2010 (Referred for the period of August 2008 – April 2010).

Sustainable Performance of the Project – May, 2010 (Referred for the period of August 2008 – April 2010).

Table 1 - Project's Sustainability Performance - Point 01 2009
Performance by Resource

Resource	Critical	Satisfactory	Sustainable	Average	Performance
Social	57,1%	42,9%	0,0%	2,1	Critical
Human	33,3%	66,7%	0,0%	2,8	Satisfactory
Financial	0,0%	83,3%	16,7%	3,7	Satisfactory
Natural	60,0%	40,0%	0,0%	2,4	Critical
Technology	28,6%	57,1%	14,3%	3,1	Satisfactory
Carbon	16,7%	16,7%	66,7%	4,7	Sustainable
General Performance	33%	51%	16%	3,1	Satisfactory

Project Performance History and Comparative Analysis

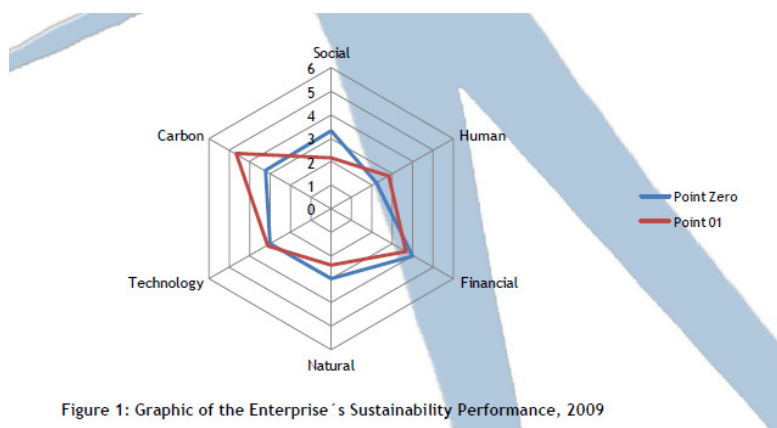


Figure 1: Graphic of the Enterprise's Sustainability Performance, 2009

3. Method used for Validation by Bureau Veritas Certification

The steps of the audit include planning the audit, selecting personnel for the audit team, obtainment of basic information on the project, document review, site audit including a visit to the premises, interviews and verification of the legal conformity of the enterprises. The audit searched for confirmation of the accuracy of the information provided in the Report, resulting from the application of the Social Carbon Methodology. All indicators presented in the report were verified: Social Resources, Human Resources, Financial Resources, Natural Resources, Technological Resources, and Carbon Resources.

The audit objective is usually to obtain verifiable evidence in the sense of tangible, physical evidence. However, there may be a situation in which a finding or observation is based on testimonial. Although this type of evidence is



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not preferable, it may be acceptable. In the case of oral testimony, the auditor of Bureau Veritas Certification tries to corroborate the physical evidence.

The evidence obtained during the audit is to verify the accuracy of all information contained in the present project. Documentation and legal conformity are checked and interviews are made with the proponent and employees responsible for important activities in the company. The auditor ensures that the documents submitted are genuine, current and valid. The level of control required is consistent with the importance of the item being audited.

In item 4, Validation conclusions, presented below, the audit team presents its comments, which may validate or not the Comments, Index and Perspectives for each indicator, resulting from the application of the Social Carbon Methodology in *Kitambar* Ceramic Fuel Switching Project.



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4. Results

4.1. Social Resources

1. **Turnover:** The Turnover Index is obtained by the fraction among the average of dismissal and admissions and the number of employees in the period. $IR = (\text{dismissed workers} + \text{hired workers}) / \text{total number of workers in the period} / 2$.

Comments The information was verified and confirmed.

Index 1 (one) - The score was confirmed.

Expectations There are no improvements forecasts in the moment.

2. **Syndical Relations:** Evaluates the involvement of the entrepreneur and workers with the syndicate.

Comments The information was verified and confirmed.

Index 2 (two) OK. The score was confirmed.

Expectations There were presented new expectations during the audit.

3. **Benefits:** Evaluates the additional benefits offered by the entrepreneur to the employees, besides the obligatory ones. Note: Additional benefits will be considered as: meal-voucher; basic alimentation provision; programs for the education and training in own education establishments or by third parties, paid by the company (values concerning registration, tuition fee, annual fee, books and educational material, etc.); medical, hospital and dental assistance or by health insurance, life insurance and personal accidents; private pension plans; among others, with the exception of transportation ticket.

Comments The information was confirmed during the audit.

Index Grade 3 (three) represents the present status of this indicator

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator

4. **Social Inclusion:** Evaluates the existence of effective programs prioritizing the local manpower, and the inclusion of gender, young people, disabled people or minority, among other initiatives for social inclusion.

Comments The information was confirmed during the audit.

Index Grade 3 (three) represents the present status of this indicator

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator

5. **Satisfaction:** Aims to identify the employee satisfaction level, as well as demands related to the improvement of the working conditions.

Comments The information was confirmed during the audit

Index Grade 1 (one) represents the present status of this indicator

Expectations During the interview, the company's representative stated there are no



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perspectives concerning the improvement of this indicator

- 6. Relationship with the community: Evaluates the relationship among the entrepreneur and the community, as well as his contribution on events and social activities.**

Comments The information was confirmed during the audit. the organization has no formal systematic social responsibility.

Index Grade 3 (three) represents the present status of this indicator

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator

- 7. Social Return of the project: Evaluates the benefits reverted to both parties when benefits are measurable or evidenced.**

Note: The definition about the scope of benefits (limited, satisfactory or unsatisfactory) should consider the scale of the project and organization(s) involved.

Comments The information was confirmed during the audit.

Index Grade 2 (two) represents the present status of this indicator

Expectations There is no evidence in the interviews changes in expectations.

4.2. Human Resource

- 8. Scholarity Levels: Evaluates the scholarity degree level (formal education) of the employees and how the entrepreneur contributes for the promotion of the education among the workers. Note: The illiteracy rate of people aged or over 15 years old in Brazil is 13%.**

Comments During the interview, the information provided in the company's report was confirmed

Index Grade 1 (one) represents the present status of the company in relation to this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

- 9. Professional Training: Evaluates the level of Professional training among the workers. Note: Professional training will be considered as any course concluded in educational institutions, which give specific abilities for the employees, promoting the earnings generation and their inclusion in the job market.**

Comments Although there is not a systematic plan or a capacitating program, the company provides opportunities for some workers.

Index Grade 2 (two) represents the present status of this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

- 10. Training Plan: Evaluates the initiatives of the enterprise in regard with capacitating plans and programs, including, if they exist, their approach, strategies, frequency and the satisfaction of the employees.**



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Comments	Although there is not a systematic plan or a capacitating program.
Index	Grade 3 (three) represents the present status of the company in relation to this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
11. Working Conditions: Evaluates the improvements made regarding the working environment conditions of the employees, considering salubrious and sanitary conditions.	
Comments	It was shown that the organization has good operating conditions and technological changes. Fact that gives employees a good working environment.
Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
12. Use of PPEs: Evaluates the procedures adopted by the entrepreneur and the workers behavior towards the use of equipment and safety procedures.	
Comments	It was established that the distribution of personal protective equipment. But the actions of awareness must be deepened.
Index	Grade 4 (four) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
13. Health & Safety Practices: Evaluates the existence and the performance of campaigns, lectures, plans and target related to the health and safety.	
Comments	The information was confirmed
Index	Grade 4 (four) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
4.3. Financial Resource	
14. Financing: Evaluates the ability of the enterprise to obtain credit in financial institutes and the fulfillment of commitment/deadlines assumed.	
Comments	During the auditor was informed that there is no difficulty financial. The company is solid and features works of improvement..
Index	Grade 6 (six) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
15. Production: Evaluates the development of the production in the last year and the relation of this increase with the diversification of products or significant events that may have affected the production.	
Comments	The information was confirmed



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Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
16. Expectations: Evaluates the entrepreneur expectations on the business in the next years.	
Comments	The information was confirmed
Index	Grade 4 (four) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
17. Renewable Biomass Supply: Evaluates the availability and diversification of the biomass and suppliers considering the guarantee of fuel supply.	
Comments	The information was confirmed
Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
18. Carbon Market: Evaluates the stage and procedures of the carbon credits commercialization, as well as the negotiation and the price of the carbon units.	
Comments	The information was confirmed
Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
19. Financial Planning for the emissions reduction project: Evaluates the existence of financial controls during the implementation and operation of the project activity.	
Comments	The information was confirmed
Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

4. 4 Natural Resource

20. Sustainability Principles: Evaluates the existence of specific policies and programs towards the sustainability of the enterprise and the applicability of the principles, values and objectives regarding sustainability.	
Comments	The organization has a good environment for innovation and technological improvement. However, a low involvement with environmental issues.
Index	Grade 2 (two) represents the present status of this indicator.
Perspectives	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.



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21. Environmental Management: Evaluates environmental management procedures adopted by the entrepreneur, including the organization and coordination of actions and documentation, such as identification of impacts, monitoring, periodic emissions reports, as well as the existence of independent audits or certifications.

Comments The information was confirmed

Index Grade 2 (two) represents the present status of this indicator.

Perspectives There are no perspectives until this moment.

22. Compliance with Environmental legislation: Evaluates the accordance of the enterprise with the legal requirements/ or other standards, such as environmental licenses and permits required for the installation and operations of the enterprise.

Comments There was no evidence during the audit legal documentation from supplier of water.

Index Grade 2 (two) represents the present status of this indicator.

Perspectives There are no perspectives until this moment.

23. Lawsuit procedures: Evaluates if the entrepreneur was involved with any judiciary or administrative actions executed by public organs, person or people, aiming the protection or repair of the environment and human health.

Comments It was informed that there is no process in the Brazilian justice for potential risks to human health and the environment. The score was lowered by failing to submit a legal document of the supplier of water - non-renewable natural resource

Index Grade 4 (four) represents the present status of this indicator.

Perspectives There are no perspectives until this moment.

24. Thermal Energy (firing and drying): Evaluates the fuel used in the kilns of the ceramic industry, for the firing and drying of devices, as well as the origin and control of the fuel.

Comments The substitution for biomass was evidenced.

Index Grade 3 (three) in fact represents the current status of the company according to the methodology applied.

Perspectives There are no perspectives until this moment.

25. Clay: Evaluates the compliance with the environmental regulations to the extraction of clay, and the existence and effectiveness of Environmental Control Plans for plowings.

Comments The information was confirmed

Index Index 4 (four) given by Social Carbon represents the status of the company in relation to clay management.

Perspectives There are no perspectives until this moment.

26. Water: Evaluates the water consumed in the industrial process, as well as the legal and sustainable aspects of the consumption of this resource.



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Comments	The score was lowered by failing to submit a legal document of the supplier of water - non-renewable natural resource and there is no monitoring of water consumption.
Index	Index 1 (one) given by Social Carbon represents the status of the company in relation to water resources.
Perspectives	It was informed there is no perspective concerning changes in relation to this indicator at the moment.
27. Atmospheric Emissions: Evaluates the procedures adopted for the control and reduction of atmospheric pollution, related to gases and particles emitted during the productive process, not including gases that cause the greenhouse effect.	
Comments	There is no monitoring of the emissions to the atmosphere.
Index	Index 1 (one) given by Social Carbon represents the status of the company in relation to the management of emissions to the atmosphere.
Perspectives	It was informed there is no perspective concerning changes in relation to this indicator at the moment.
28. Residues from the Productive Process: Evaluates the treatment and destination of the industrial residues generated in the productive process, as well as the existence of a residues management plan.	
Comments	No residue management plan was evidenced. However, there is a concern in relation to the discard and reuse of residues generated in the productive process.
Index	Index 2 (two) given by Social Carbon represents the status of the company in relation to the management of the residues in the productive process.
Perspectives	It was informed there is no perspective concerning changes in relation to this indicator at the moment.
29. Ashes: Evaluates the procedures adopted by the entrepreneur, in order to control the ashes and promote its adequate destination.	
Comments	Information on this indicator was verified and confirmed
Index	Index 3 (three) given by Social Carbon represents the status of the company in relation to the management of the residues.
Perspectives	It was informed there is no perspective concerning changes in relation to this indicator at the moment.
4.5 Technology Resource	
30. Kilns Burning Efficiency: Evaluates the efficiency level and types of kilns used for firing of the devices during the productive process of the ceramic.	
Comments	Information on this indicator was verified and confirmed
Index	Grade 3 (three) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.
31. Drying of ceramic units (pre-firing): Evaluates the efficiency of the method used for the drying of devices between the stages of extrusion and firing, and the	



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existence of artificial dryers (to avoid fissures on the devices) and the use of controlled forms of drying through the transfer of heat from the kilns to the dryers.

Comments Information on this indicator was verified and confirmed

Index Grade 4 (four) represents the present status of the company in relation to this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

32. Firing Control: Evaluates the existence and the automation of the procedures used for the construction of the fire curve.

Comments We checked the installation of equipment and its operation.

Index Grade 4 (four) represents the present status of the company in relation to this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator

33. Kilns Supplying: Evaluates the existence and automation of the procedures for the alimentation of kilns.

Comments Information on this indicator was verified and confirmed

Index Grade 3 (three) represents the present status of the company in relation to this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

34. Machinery: Evaluates the existence and conservation of machineries which help workers in order to decrease risks and improve the productive process. Factors of poor state of conservation: leaks, excessive noise, loose or missing components, etc. The criterion of types of machinery is established in order to determine the quantity: with up to 3 types - low, up to 6 types - medium, 7 and above - wealth.

Comments Information on this indicator was verified and confirmed

Index Grade 5 (five) represents the present status of the company in relation to this indicator.

Expectations During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

35. Diversification of Products: Evaluates the production diversity, types of products, as well as the existence of personalized or high value market products.

Comments Information on this indicator was verified and confirmed

Index 2 (two) - Confirmed the score indicator.

Expectations There are no improvements forecasts in the moment.

36. Quality Control: Evaluates the procedures adopted by the entrepreneur during the productive process, in order to ensure the quality of products. Also verifies the



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existence of any kind of quality certificate.

Comments	Evidenced by documentation confirming the score.
Index	Grade 1 (one) represents the present status of this indicator.
Expectations	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

4.6. Carbon Resource

37. Additionality: Consists of the greenhouse emissions reduction or of the additional CO2 increase. This item evaluates the tools used for the evaluation of the additionality and its accordance to the national and international standards.

Comments	Information on this indicator was verified and confirmed
Index	Grade 5 (five) represents the present status of this indicator.
Perspectives	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

38. Emission Calculations & Monitoring: Evaluates the methodologies used to calculate the emissions and monitoring, and its accordance to the national and international standards.

Comments	Information on this indicator was verified and confirmed
Index	Grade 6 (six) represents the present status of this indicator.
Perspectives	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

39. Validation & Verification: Evaluates the existence of total or partial validation/verification of the project by a third part, accredited by UNFCCC (United Nations Framework Convention on Climate Change), and the accordance of the procedures for the validation/verification with the national and international standards.

Comments.	Information on this indicator was verified and confirmed
Index	Grade 6 (six) represents the present status of this indicator
Perspectives	Not applicable.

40. Project Performance: Evaluates the project performance in comparison to the emissions reduction estimated in the Project Design Document - PPD.

Comments	Information on this indicator was verified and confirmed
Index	Grade 6 (six) represents the present status of this indicator.
Perspectives	During the interview, the company's representative stated there are no perspectives concerning the improvement of this indicator.

41. Involvement of the Employees in the Project: Evaluates the process of the entrepreneur's internal communication regarding the emission reduction project.

Comments	The involvement of employees with the project is low.
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Index Grade 1 (one) represents the present status of this indicator

Perspectives There are no perspectives until this moment.

42. Involvement of the Stakeholders: Evaluates the communication and acceptance of the project by communities, environmental agencies and public authorities, among other social actors, as well as analyzing if the project was elaborated in isolation, or had got the involvement of other institutions and stakeholders.

Comments Information on this indicator was verified and confirmed

Index Grade 4 (four) represents the present status of this indicator

Perspectives There are no perspectives until this moment.

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5. Persons interviewed

Antonio Marcos

Responsible for the project's monitoring (Director)

6. References

- Socialcarbon_guidelines: *Manual for registration of projects in the Social Carbon Registry (SCR) Version 02, June 2008*
- Guide Social Carbon Report_v03_05-11-08_Final_
- Template SCR_v03_CM_ 04-11-08
- Social Carbon Methodology Indicators for Industry of Ceramic Sector Enterprise Profile V.8
- Implementation of Integrated Management System
- NBR ISO 14001/2004 Environmental Management System
- NBR ISO 9001/2000 Quality Management System
- Guidelines for OHSAS Management Systems and Safety and Occupational Health - 2007
- SA 8000 - Social Accountability 8000
- Millennium Declaration - 2000
- GRI3 Guidelines
- The Universal Declaration of Human Rights
- Sector Ethos Indicators of Corporate Social Responsibility
- www.socialcarbon.org
- www.globalreporting.org
- <http://www.globalreporting.org/ReportingFramework/G3Guidelines/#5>
- http://www.ethos.org.br/docs/conceitos_praticas/indicadores/default.asp
- <http://www.iso.org>

7. Conclusion

It was evidenced measures for the improvement of occupational safety as well as workers` and entrepreneur`s commitment as far as the environmental issues are concerned. It was also evidenced the Action Plan developed to promote improvements in the organizational processes as established by the Social Carbon Methodology. The organization must create a method to verify the licensing of providers of services and products.

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Recommendation:

It is recommended that the entrepreneur assumes through a formal document his compromise according to these aspects:

1 Non-discrimination: A formal document assuring that the company has guaranteed the equality of opportunities and treatment with the objective to dissipate all negative discrimination against race, sex or religion reasons, political opinion, nationality, social source, social condition and physical condition, having as reference in the Brazilian federal constitution the articles 3º, 5º, 7º, 12º and 19º, the Decree-Law 5452/43 and its articles 3º and 1º, and the law 7716/89 in the article 1º.

2 Forced Labor: A formal document assuring that the company supports the annihilation of all kinds of forced or compulsory labor in direct activities or productive chains, having as reference the Decree-Law 5452/43 and its article 483, Ordinance 540/2004 and its article 1º, 2º, Decree-Law 2.848/40, chapter VI, and its article 149.

3 Child Labor: A formal document assuring that the company does not make use of Child Labor having as reference the federal constitution the articles 6º and 7º and the law 8069/90 and its articles 60 and 62, Decree-Law 5452/43 and its articles 402 and 403.



Luiz Carlos da Silva Lima
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