

IBOPE

**VERIFICATION REPORT
SOCIALCARBON® Standard**

**Argibem, São Sebastião and Vulcão Ceramics Fuel
Switching Project
Argibem Ceramic**

12/22/2011

IBOPE

PROJECT GENERAL INFORMATION

Project Title: Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report

Project Address: Rua Matheus Salzano, 16 - Bemposta, Três Rios, RJ, ZIP CODE 25840-000, Brazil

Project Point: Point 2 (two)

Verification Period:

Audit Verification Period from 05/16/2011 to 12/22/2011

On Site Visit Date: from 08/16/2011 to 08/16/2011

Draft Verification Report Issuance: 10/10/2011

Final Verification Report Issuance: 12/22/2011

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Report Number: 1000003

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1. INTRODUCTION

The present document, SOCIALCARBON®'s Verification Report, aims at providing assessment of the conformities, findings and resolutions regarding the SOCIALCARBON®'s Report of Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report in agreement with the criteria of the SOCIALCARBON® Standard.

2. OBJECTIVE

The purpose of this verification report is to perform an audit by an independent third party to analyze the accomplishment of SOCIALCARBON® Standard criteria's and evaluate the accuracy, veracity and consistency of the information given in the SOCIALCARBON® Report and the application of the Standard of the Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report based on Rua Matheus Salzano, 16 - Bemposta, Três Rios, RJ, ZIP CODE 25840-000, Brazil.

As one of the audit objectives, IBOPE aims to obtain verifiable evidences, preferred tangible or physical evidences. However, it is acceptable evidence based on testimony.¹

3. VERIFICATION METHODS

3.1. Scope and Criteria

The criteria defined for this verification are disposed at the SOCIALCARBON® Standard, Version 4.2, June 2011² document.

3.2. Verification Procedure

The verification process occurs according with the following schedule:

- I. Audit planning and team selection, document review, and check-list elaboration;
- II. On site visit and data/evidence collection;
- III. Evidences evaluation and draft elaboration;
- IV. Resolution of findings and final verification report issuance;

I. Audit planning and team selection, document review, and check-list elaboration

According to the SOCIALCARBON® Report submitted for verification, IBOPE will send to the client a work plan and information regarding the team that will be responsible for the SOCIALCARBON® Report auditing. The documentation is analyzed and reviewed, and then the check-list is prepared for the collection of the data and evidences necessary at the on-site visit.

¹ This verification does not have the purpose to evaluate the compliance of legal or fiscal conformity, unless such information is required by the verification criteria. Verification is limited to written/required information by the SOCIALCARBON® Standard criteria.

² Disposable at: (http://www.socialcarbon.org/uploadDocs/SOCIALCARBON_STANDARD_v.4.2.pdf)

II. On-site visit, and data/evidence collection

At the on-site visit, it will be realized data and evidences' collection.

The data and evidence's collection methods are based on completing the check-list and the search of the possible evidences necessities to prove the facts at the SOCIALCARBON® Report, which can be documents, photos, and interviews, preferred physical evidences.

III. Evidences evaluation and draft elaboration

The collected evidences and data are analyzed for the verification of the SOCIALCARBON® Report regarding to the veracity, accuracy and consistency of the attestations made.

The Draft Verification is issued with all the findings raised by the verification process and then is sent to the project proponent. The findings at the Draft Verification are defined as:

Correction Action Request (CAR) – It shall be raised if one of the following occurs:

- The SOCIALCARBON® Standard requirements have not been met;
- Mistaken have been made in assumptions or evaluations or documentation which directly influence the project indicators and/or results.

Clarification Request (CL) – It shall be raised if information is insufficient or not clear enough to determine whether the applicable SOCIALCARBON® Standard requirements have been met.

IV. Resolution of findings and final verification report issuance

After the resolution of the findings of Cerâmica Argibem Ltda., the Final Verification Report is issued by IBOPE and the services are concluded.

4. SOCIALCARBON® STANDARD CRITERIA VERIFICATION

This section shows the ways to prove the compliance with the SOCIALCARBON® Standard criteria.

4.1. Standard Criteria

SOCIALCARBON® Standard requires the following criteria for certifying carbon offset projects:

- I. Offset Project Eligibility;
- II. Use of SOCIALCARBON methodology;
- III. Monitoring;
- IV. Continual improvement of Project performance;
- V. Independent auditing conducted through SOCIALCARBON Reports by a Certifying Entity;

I. Offset Project Eligibility

The Cerâmica Argibem Ltda. complies with the following carbon accounting: Verified Carbon Standard (VCS). The project is located at Rua Matheus Salzano, 16 - Bemposta, Três Rios, RJ, ZIP CODE 25840-000, Brazil. Its crediting period covers from 04/01/2006 to 03/31/2016 and the project was already validated by a third independent party. It's a small scale project and the methodology used is Category AMS I.C: Thermal Energy for the user with or without electricity - Version 13 from March 14th, 2008.

II. Use of SOCIALCARBON® methodology

Sustainable Carbon - Projetos Ambientais Ltda. is the approved organization responsible for the SOCIALCARBON® Methodology application.

The resources evaluated by Sustainable Carbon - Projetos Ambientais Ltda. in this report were Social, Human, Financial, Natural, Technology and Carbon. All the indicators used in each resource are authorized by *Instituto Ecológica*.

The indicators used are from SOCIALCARBON® Methodology Indicators for industries of the ceramic sector, Version 8.2, June 2011.

III. Monitoring

The point 0 (zero) and point 1(one) were validated and indicate Sustainability Performance as satisfactory. This report is related to Point 2 (two) and covers the periodical evaluation required by the criteria.

IV. Continuous improvement of project performance

The Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report applied the SOCIALCARBON® Standard for the third time and have decreased in the following resources: Financial, Technology and Carbon.

The following improvements and perspectives are being developed by Cerâmica Argibem Ltda.:

Indicator: 6. Relation with the community

Description: Continue to engage with the community by donating to the community

Actions: They still donate to churches, schools and other stakeholders by donating money and/or bricks

Results: Accomplished

Indicator: 7. Social Benefits

Description: The ceramic owner intends to invest more in social benefits, especially engage more with the community in which the ceramic is present in

Actions: No action taken.

Results: On Hold

Indicator: 10. Building capacity plan

Description: The new equipment in the ceramic is highly advanced and therefore requires higher skilled workers. Therefore, the ceramic owner intends to improve the professional qualification of employees by providing training courses to better inform them of new production processes in the ceramic

Actions: Ceramic's employee provides internal training to other employees

Results: Accomplished

Indicator: 11. Working conditions

Description: The ceramic owner intends to focus on the sanitary conditions of workers once the construction of the new equipments is complete. Such activities include building leisure areas for workers

Actions: They have constructed the lifting system and implemented a lake for fishing, a leisure area for employees

Results: Accomplished

Indicator: 25. Clay

Description: The ceramic owner intends to develop a nursery where they can grow plants to restore the degraded areas from clay extraction

Actions: It's an operating license constraint.

Results: Accomplished

Indicator: 27. Emissions to the atmosphere

Description: The ceramic owner intends to install filters in the chimneys of the kilns to effectively monitor and control the emissions

Actions: They didn't install the filters because they have changed the kiln used in the productive process

Results: Not Accomplished

Indicator: 41. Involvement of the employees in the project

Description: The ceramic owner intends to inform employees of the carbon project by holding a meeting, outlining the main points and to answer any concerns or questions.

Actions: No action taken

Results: On Hold

For this SOCIALCARBON Report Point 2 (two), the following perspectives and improvements are being planned:

- 13. Actions of health and security: The entrepreneur intends to implement an Internal Commission for Accident Prevention (CIPA).
- 21. Environmental Management: The entrepreneur intends to implement an Environmental Management System in the ceramic.
- 34. Machinery: The ceramic owner intends to switch the fuel to natural gas, which reduces the ceramics emissions.

- 42. Involvement of the stakeholders: The entrepreneur intends to divulge the project in newspapers and magazines.

The Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report has already commercialized part of its carbon credits.

V. Independent auditing conducted through SOCIALCARBON® Reports by a Certifying Entity

The responsible to verify the SOCIALCARBON® Report from Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report is IBOPE, an accredited organization authorized by *Instituto Ecológica* and the requirements and criteria are based on the SOCIALCARBON® Standard.

The on-site visit was held from 08/16/2011 to 08/16/2011 and it was necessary to collect data and evidences.

4.2. Indicators

1. TURNOVER

The turnover can be obtained by the fraction of the average dismissal numbers, and the employees working at the project developer in a given moment. $TR = (\text{dismissed workers} + \text{hired workers}) / (\text{number of workers employed in the project develop} \times 2)$.

Evaluation	Indicator's data verified and confirmed through the following documents: <i>Relação anual de informações sociais (RAIS)</i> - Annual relation of social information and <i>Cadastro geral de empregados e desempregados (CAGED)</i> - Employed and unemployed general registry.
Index	Grade 3 (three)

2. SYNDICAL RELATIONS

Evaluates the involvement of the entrepreneur and the workers in the syndicate.

Evaluation	Indicator's data verified and confirmed through the following documents: Statement, labor union's agreement, bill, payment proof and on-site interview.
Index	Grade 2 (two)

3. BENEFITS

Evaluate the benefits offered by the entrepreneur to the workers in addition to the obligatory benefits.

Evaluation	Indicator's data verified and confirmed through the following documents: Invoices, receipts, internal registry control, contract and on-site interview.
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Index	Grade 5 (five)
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4. SOCIAL INCLUSION

Evaluates the existence of effective programs giving priorities for hiring local manpower and social inclusion, without any prejudice against gender, handicaps, or other minority groups.

Evaluation	Indicator's data verified and confirmed through the following documents: <i>Relação anual de informações sociais (RAIS)</i> - Annual relation of social information and <i>Cadastro geral de empregados e desempregados (CAGED)</i> - Employed and unemployed general registry.
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Index	Grade 3 (three)
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5. SATISFACTION

Intends to identify the satisfaction of the employees as well as the demands related to the improvement of working conditions.

Evaluation	Indicator's data verified and confirmed through the following document : On-site interview.
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Index	Grade 1 (one)
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6. RELATION WITH THE COMMUNITY

Evaluates the relationship among the entrepreneur and the community as well as his contribution in social events and activities.

Evaluation	Indicator's data verified and confirmed through the following documents: Donations receipts, donations statements and photos.
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Index	Grade 4 (four)
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7. SOCIAL BENEFITS

Evaluate the benefits reverted to the stakeholders, when they are measurable or evidenced.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
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Index	Grade 3 (three)
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8. SCHOLARSHIP

Evaluates the scholarship level of the employees and the contribution of the entrepreneur for the promotion of education among the workers.

Evaluation	Indicator's data verified and confirmed through the following documents: <i>Relação anual de informações sociais (RAIS)</i> - Annual relation of social information and <i>Cadastro geral de empregados e desempregados (CAGED)</i> - Employed and unemployed general
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	registry.
Index	Grade 4 (four)

9. PROFESSIONAL QUALIFICATION

Evaluates the level of Professional qualification of the workers.

Evaluation	Indicator's data verified and confirmed through the following document : On-site interview.
Index	Grade 1 (one)

10. BUILDING CAPACITY 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.

Evaluation	Indicator's data verified and confirmed through the following documents: Bills, payment proof and proposals.
Index	Grade 4 (four)

11. WORKING CONDITIONS

Evaluates the improvements in relation with environmental work condition to which the employees are submitted, considering salubrious, sanitary and ergonomic situations.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 3 (three)

12. IPE USE

Evaluates the workers and entrepreneur conduct regarding the equipments use and the security procedures.

Evaluation	Indicator's data verified and confirmed through the following document : PPEs registry control.
Index	Grade 3 (three)

13. ACTIONS OF HEALTH AND SECURITY

Evaluates the existence and performance of campaigns, leisure and goal and plans regarding to health and security.

Evaluation	Indicator's data verified and confirmed through the following documents: ASOs, PCMSO and PPRA.
Index	Grade 2 (two)

14. FINANCING

Evaluates the project developer's ability to obtain credit from financial institutions and the accomplishment of the commitments/deadlines assumed.

Evaluation	Indicator's data verified and confirmed through the following documents: Contract, bill and payment proof.
Index	Grade 4 (four)

15. PRODUCTION

Evaluates the evolution of the production's capacity in the last year and the relation between this rise and the diversification of products or significant events that can affect the production.

Evaluation	Indicator's data verified and confirmed through the following documents: VCS Monitoring Report and on-site interview.
Index	Grade 2 (two)

16. EXPECTATIVE

Evaluates the existence of the entrepreneur's expectations concerning the business in the next few years.

Evaluation	Indicator's data verified and confirmed through the following document : On-site interview.
Index	Grade 1 (one)

17. RENEWABLE BIOMASS SUPPLY

Evaluates the availability and diversity of biomasses and suppliers, considering the guarantee of fuel supplying.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and biomasses purchase invoices.
Index	Grade 4 (four)

18. CARBON MARKET

Evaluates the situation of commercialization of the carbon credits' of the period, considering its chronological valorization.

Evaluation	Indicator's data verified and confirmed through the following document : Statement.
Index	Grade 5 (five)

19. FINANCIAL PLANNING OF THE EMISSION REDUCTION PROJECT

Evaluates the existence of financial controlling for the project activity's implantation and operation.

Evaluation	Indicator's data verified and confirmed through the following
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	documents: On-site interview and internal financial control.
Index	Grade 3 (three)

20. SUSTAINABILITY PRINCIPLES

Evaluates the existence of specific policies and programs geared towards the enterprise sustainability and the applicability of the principles, values and objectives regarding sustainability.

Evaluation	Indicator's data verified and confirmed through the following documents: Environmental policy and on-site interview.
Index	Grade 2 (two)

21. ENVIRONMENTAL MANAGEMENT

Evaluates the environmental management procedures adopted by the entrepreneur, including the organization and coordination of actions and documentation such as impacts identification, monitoring and emissions of periodic report as well as the existence of a regular certification.

Evaluation	Indicator's data verified and confirmed through the following document : On-site interview.
Index	Grade 1 (one)

22. ENVIRONMENTAL LEGISLATION

Evaluates the accordance of the project developer with environmental laws and norms, including agreements with public authorities, such as environmental licenses and requested authorizations for installation and occupation of your project developer.

Evaluation	Indicator's data verified and confirmed through the following documents: Operating license and renewal license protocol.
Index	Grade 4 (four)

23. LAWSUIT PROCEDURES

Evaluates if the entrepreneur was involved with any lawsuit or administrative sanctions executed by public organs, person or people, aiming the environment and human health protection or repair.

Evaluation	Indicator's data verified and confirmed through the following document : Statement.
Index	Grade 6 (six)

24. ENERGY

Evaluates the fuel applied to fire the ceramic devices, just as the origin and control of the biomass.

Evaluation	Indicator's data verified and confirmed through the following
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	document : On-site interview and VCS Monitoring Report.
Index	Grade 5 (five)

25. CLAY

Evaluates the conformity with the environmental laws for the exploitation of mineral clay and the existence of environmental control plan concerning the clay extraction.

Evaluation	Indicator's data verified and confirmed through the following documents: Operating license and <i>Plano de Controle Ambiental (PCA)</i> - Environmental control plan.
Index	Grade 5 (five)

26. WATER

Evaluate the origin of the water used in the productive process, besides the legal and sustainable aspects of its exploitation.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site interview and bills.
Index	Grade 3 (three)

27. EMISSIONS TO THE ATMOSPHERE

Evaluates the control over the atmospheric emissions involving the gases emitted during the productive process, except the greenhouse gases.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 1 (one)

28. RESIDUES FROM THE PRODUCTIVE PROCESS

Evaluates the treatment and destination dispended to the industrial residues generated in the productive process, as well as the incorporation of external industries residues and existence of a residues management plan.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 3 (three)

29. ASHES

Evaluates the procedures adopted by the entrepreneur in order to control the ashes and its destination.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 3 (three)

30. KILNS BURNING EFFICIENCY

Evaluates the efficiency level and the kind of the kilns used to fire the devices in the ceramic productive process.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 6 (six)

31. DEVICES DRYING (BEFORE THE FIRE)

Evaluates the efficiency of the methods executed to dry the devices, stage before the fire and after the extrusion, the existence of artificial dryers (avoiding fissures in the final product) and also considers the employment of a system able transfer the heat provided by the kiln to the devices drying.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 6 (six)

32. DEVICES FIRING

Evaluates the existence and the automation of the fire monitoring system as well as the construction of the fire curve graphic.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 4 (four)

33. KILNS ALIMENTATION

Evaluates the existence and the automation of the procedures used for the kilns alimentation.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 6 (six)

34. MACHINERY

Evaluates the existence and conservation of machineries that helps the workers, seeking the reduction of risks and improvement of the productive process. The factors considered as in bad conditions of conservation are: leakage, excessive noise, loose or lack of components, among others.

Evaluation	Indicator's data verified and confirmed through the following documents: On-site visit and interview.
Index	Grade 5 (five)

35. PRODUCTS VARIETY

Evaluates the products variety, the kind of products, including the existence of personalized products or with high value in the consumer market.

Evaluation	Indicator's data verified and confirmed through the following documents: PSQ, on-site visit and interview.
Index	Grade 5 (five)

36. QUALITY CONTROL

Evaluates the procedures adopted by the entrepreneur, during the productive process, aiming to ensure the quality of the devices. It also verifies the existence of a quality certification.

Evaluation	Indicator's data verified and confirmed through the following documents: PSQ and on-site interview.
Index	Grade 5 (five)

37. ADDITIONALITY

Evaluate if the reduced greenhouse gases emissions were additional.

Evaluation	Indicator's data verified and confirmed through the following documents: VCS PD, VCS Final Validation Report and VCS Final Verification Report.
Index	Grade 5 (five)

38. EMISSIONS REDUCTIONS CALCULATION AND MONITORING

Evaluates the methodologies used to calculate the emission reductions, the monitoring and if it is suitable to the national and international standard.

Evaluation	Indicator's data verified and confirmed through the following documents: VCS PD, VCS MR and VCS Final Verification Report.
Index	Grade 6 (six)

39. VALIDATION AND VERIFICATION

Evaluates the existence of partial or total validation/verification of the project by a third part, and if it is accredited by UNFCCC, and if the validation and verification procedures are according to national and international standards.

Evaluation	Indicator's data verified and confirmed through the following documents: VCS Final Validation Report and VCS Final Verification Report.
Index	Grade 6 (six)

40. PROJECT PERFORMANCE

Evaluates the project performance in comparison to the emission reductions estimated in the Project Design Document.

Evaluation	Indicator's data verified and confirmed through the following documents:VCS PD, VCS MR and VCS Final Verification Report.
Index	Grade 3 (three)

41. INVOLVEMENT OF THE EMPLOYEES IN THE PROJECT

Evaluates the internal communication related to the emissions reduction project.

Evaluation	Indicator's data verified and confirmed through the following document :On-site interview.
Index	Grade 1 (one)

42. INVOLVEMENT OF THE STAKEHOLDERS

Evaluates the communication and acceptance of the project by the communities, environmental agency and public authorities among others social actors.

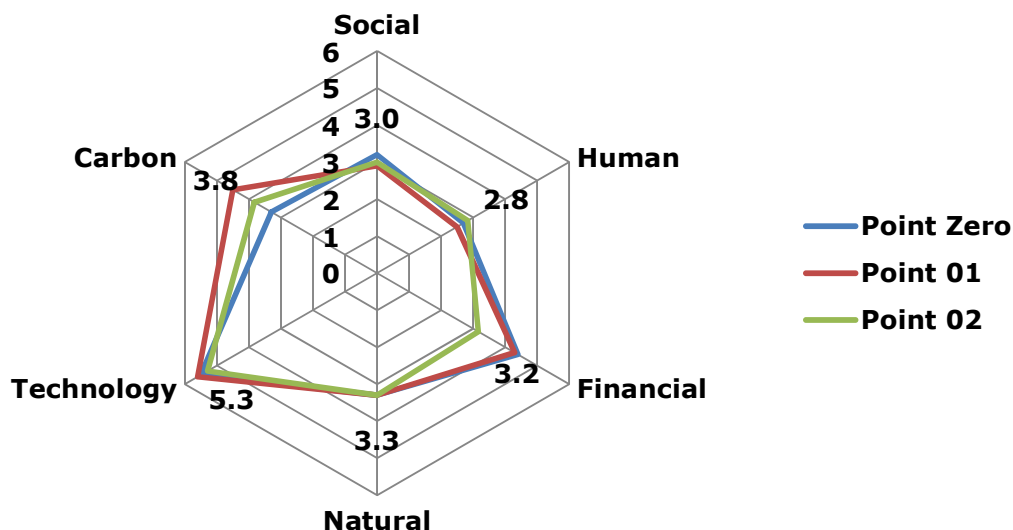
Evaluation	Indicator's data verified and confirmed through the following document :On-site interview.
Index	Grade 2 (two)

5. VERIFICATION STATEMENT

The SOCIALCARBON® Report of Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project - Argibem Ceramic Report submitted for verification is in compliance with all SOCIALCARBON® Standard criteria as well as could be verified the accuracy, veracity and consistency of the data provided in the SOCIALCARBON® Report.

Based on the indicators analysis, Argibem Ceramic presents a satisfactory result in the SOCIALCARBON® standard, obtaining an overall performance of 3.6.

Resources	Critical	Satisfactory	Sustainable	Average Score	General Performance
Social	28.6%	57.1%	14.3%	3.0	Satisfactory
Human	33.3%	66.7%	0.0%	2.8	Satisfactory
Financial	33.3%	50.0%	16.7%	3.2	Satisfactory
Natural	30.0%	40.0%	30.0%	3.3	Satisfactory
Technology	0.0%	14.3%	85.7%	5.3	Sustainable
Carbon	33.3%	16.7%	50.0%	3.8	Satisfactory
Overall Assessment	26%	41%	33%	3.6	Satisfactory



São Paulo, December 22nd, 2011

Shiguelo Watanabe

Shiguelo Watanabe
Director

ANNEX

Non-Conformities

ITEM	1	CL 1
REFERENCE		2.1. Context and history of the reduction of GHG emissions project
CAR/CL		No evidence received related to the context and history of the reduction of GHG emissions project. Please provide the following documents: <i>Modelo para introdução de Novas Tecnologias em Agrupamentos de Micro e Pequenas Empresas: Estudo de caso das indústrias da cerâmica vermelha do Vale dos Tijucas</i> and <i>Diagnóstico Empresarial do Setor Cerâmico da Região Central do Estado do Tocantins</i> . Please clarify.
ROUND		1 st
CLIENT ANSWER		The document <i>Modelo para introdução de Novas Tecnologias em Agrupamentos de Micro e Pequenas Empresas: Estudo de caso das indústrias da cerâmica vermelha do Vale dos Tijucas</i> can be found at the website : http://www.labsad.ufsc.br/estudos_economia_SC/Trabalhos%20sobre%20economia%20catarinense/Ceramica%20estrutural/2001%20Tecnologia%20ceram%20verm%20vale%20tijucas%20dissertacao.pdf The document <i>Diagnóstico Empresarial do Setor Cerâmico da Região Central do Estado do Tocantins</i> can be found at the website: http://www.sindicerp.com.br/media/dynamic/download/Estudo_de_Cer%C3%83mica_vermelha.pdf Both documents were already sent to IBOPE.
REVISED SECTION		2.1. Context and history of the reduction of GHG emissions project.
CONCLUSION		Ok. CL closed.

ITEM	2	CAR 1
REFERENCE		2.1. Context and history of the reduction of GHG emissions project
CAR/CL		The following reference could not be evidenced: http://www.wwf.org.br/informacoes/questoes_ambientais/biomas/bioma_mata_atl/bioma_mata_atl_curiosidades Please provide another reference or exclude it.
ROUND		1 st

CLIENT ANSWER	Ok. The source was altered to http://educar.sc.usp.br/licenciatura/trabalhos/mataatl.htm .
REVISED SECTION	2.1. Context and history of the reduction of GHG emissions project
CONCLUSION	Ok. CAR closed.

ITEM	3	CAR 2
REFERENCE		2.1. Context and history of the reduction of GHG emissions project
CAR/CL		According to the production spreadsheet received, the ceramic doesn't produce 2,000,000 ceramics devices per month. Please correct.
ROUND		1 st
CLIENT ANSWER		According to VCS PD, Argibem produces approximately 2,000,000 ceramic devices. The characteristics of Argibem ceramic fuel switching project described in the SCR are based in the Project Description Document.
REVISED SECTION		2.1. Context and history of the reduction of GHG emissions project
CONCLUSION		Ok. CAR closed.

ITEM	4	CAR 3
REFERENCE		2.1. Context and history of the reduction of GHG emissions project
CAR/CL		According to RAIS and CAGED documents received, the ceramic has 89 employees and not 71 employees as mentioned in the SCR. Please correct.
ROUND		1 st
CLIENT ANSWER		Ok. It was corrected.
REVISED SECTION		2.1. Context and history of the reduction of GHG emissions project
CONCLUSION		Ok. CAR closed.

ITEM	5	CL 2
REFERENCE		2.1. Context and history of the reduction of GHG emissions project

CAR/CL	Please provide the website reference that proves the definition that the Argibem ceramic is considered a medium size company. Please clarify.
ROUND	1 st
CLIENT ANSWER	The statement ..."medium size company" was corrected to "small size company". According to SEBRAE small size companies must have between 20 and 99 employees. This information can be evidenced at: http://www.sebrae-sc.com.br/leis/default.asp?vcdtexto=4154
REVISED SECTION	2.1. Context and history of the reduction of GHG emissions project
CONCLUSION	Ok. CL closed.

ITEM	6	CL 3
REFERENCE	2.1. Context and history of the reduction of GHG emissions project	
CAR/CL	Please provide evidence related to the credits commercialization from 2007 and 2008 vintages. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	The evidence will be sent to IBOPE by e-mail.	
REVISED SECTION	2.1. Context and history of the reduction of GHG emissions project	
CONCLUSION	Ok. CL closed.	

ITEM	7	CAR 4
REFERENCE	2.2. Activities and methodology used for reduction/capture of GHGs	
CAR/CL	The methodology described in the SCR is not in accordance with the VCS PD provided. Please revise this indicator and correct.	
ROUND	1 st	
CLIENT ANSWER	Ok. It was corrected.	
REVISED SECTION	2.2. Activities and methodology used for reduction/capture of GHGs	
CONCLUSION	Ok. CAR closed.	

ITEM	8	CAR 5
REFERENCE		Section 3.2. Social, economic and environmental impacts of the emission reductions project
CAR/CL		The SCR states <i>...are described at the Project Design Document</i> . According to the Verified Carbon Standard (VCS), it shall be denominated as Project Description. Please correct.
ROUND		1 st
CLIENT ANSWER		Ok. It was corrected.
REVISED SECTION		Section 3.2. Social, economic and environmental impacts of the emission reductions project
CONCLUSION		Ok. CAR closed.

ITEM	9	CAR 6
REFERENCE		Section 4. Results – Indicator 1. Turnover
CAR/CL		Through the RAIS and CAGED documents received, the data collected was from Jan 2010 to June 2011, and it was evidenced that the ceramic has 89 employees, and that the recruited workers during the period were 43 and the dismissed workers were 44, resulting in an index of 49%. Please correct.
ROUND		1 st
CLIENT ANSWER		Ok. It was corrected.
REVISED SECTION		Section 4. Results – Indicator 1. Turnover
CONCLUSION		Ok. CAR closed.

ITEM	10	CAR 7
REFERENCE		Section 4. Results – Indicator 1. Turnover
CAR/CL		There is no reference and/or evidence to prove this statement <i>When compared to the Brazilian Ceramic Industries context, this number is below the average. It is common that most ceramic companies have a turnover index above 80%</i> . Please clarify and provide evidence or remove it.
ROUND		1 st
CLIENT ANSWER		According to the monography "Análise do Perfil do Setor da Indústria de Cerâmica Vermelha pela Abordagem da

	Metodologia do Carbono-Social” the turnover index in the Brazilian Ceramic Industry is very high, achieving a turnover index from 60 to 79%. According to this, the statement “ <i>It is common that most ceramic companies have turnover indexes greater than 80%. Argibem therefore performs very well in this aspect.</i> ” was altered to “It is common that most ceramic companies have turnover indexes from 60 to 79%”. The document will be send to IBOPE.
REVISED SECTION	Section 4. Results – Indicator 1. Turnover
CAR/CL	According to the evidence provided, the analysis of social resources, including turnover indicator, refers to 41 ceramics in which the methodology was applied and it doesn’t represent the Brazilian Ceramic Industry real scenario. Please correct this information in the indicator. CAR remains open.
ROUND	2 nd
CLIENT ANSWER	Ok, it was corrected.
REVISED SECTION	Section 4. Results – Indicator 1. Turnover
CONCLUSION	Ok. CAR closed.

ITEM	11	CAR 8
REFERENCE		Section 4. Results – Indicator 3. Benefits
CAR/CL		According to the on-site visit interview and evidences provided, the provision of construction material is only for those who buy plots and the lunch is provided to the administration staff only; Regarding the health insurance and fraternization parties, they are provided to all the employees. Please correct and increase index to 5 (five).
ROUND		1 st
CLIENT ANSWER		Ok. It was corrected.
REVISED SECTION		Section 4. Results – Indicator 3. Benefits
CONCLUSION		Ok. CAR closed.

ITEM	12	CAR 9
REFERENCE		Section 4. Results – Indicator 4. Social inclusion
CAR/CL		As evidenced through RAIS and CAGED, the number of women working in the ceramics is 5 (five). Please correct.

ROUND	1 st
CLIENT ANSWER	Ok. It was corrected.
REVISED SECTION	Section 4. Results – Indicator 4. Social inclusion
CONCLUSION	Ok. CAR closed.

ITEM	13	CAR 10
REFERENCE	Section 4. Results – Indicator 6. Relation with the community	
CAR/CL	No evidence received related to the sponsoring of Football Club Beportense. Please remove it from the SCR.	
ROUND	1 st	
CLIENT ANSWER	Ok. It was removed.	
REVISED SECTION	Section 4. Results – Indicator 6. Relation with the community	
CONCLUSION	Ok. CAR closed.	

ITEM	14	CL 4
REFERENCE	Section 4. Results – Indicator 7. Social benefits	
CAR/CL	The SCR states <i>The entrepreneur made changes to the factory layout</i> . Please clarify which changes and provide evidence, specifying how it is evident and measurable.	
ROUND	1 st	
CLIENT ANSWER	The statement “ <i>The entrepreneur made changes to the factory layout</i> ” was removed and new information was added in the indicator. Also, the index was reduced to 3 (three).	
REVISED SECTION	Section 4. Results – Indicator 7. Social benefits	
CONCLUSION	Ok. CL closed.	

ITEM	15	CAR 11
REFERENCE	Section 4. Results – Indicator 8. Scholarship	

CAR/CL	Through the RAIS and CAGED documents received, the data collected was from Jan 2010 to June 2011, and it was evidenced that:	
	0	Illiterate
	35	Up to grade 9 - incomplete
	28	Grade 9 - complete
	14	High school – incomplete
	7	High school - complete
	3	College
	Please correct.	
ROUND	1 st	
CLIENT ANSWER	Ok. It was corrected.	
REVISED SECTION	Section 4. Results – Indicator 8. Scholarship	
CONCLUSION	Ok. CAR closed.	

ITEM	16	CAR 12
REFERENCE	Section 4. Results – Indicator 9. Professional qualification	
CAR/CL	No evidence received related to the 3 (three) workers with post-secondary education. Please correct and reduce index to 1 (one).	
ROUND	1 st	
CLIENT ANSWER	Ok. The indicator was corrected and the index was reduced to 1 (one).	
REVISED SECTION	Section 4. Results – Indicator 9. Professional qualification	
CONCLUSION	Ok. CAR closed.	

ITEM	17	CAR 13
REFERENCE	Section 4. Results – Indicator 10. Building capacity plan	
CAR/CL	According to the evidences provided and the indicator comments, the project developer stimulates the participation	

	of the employees in sporadic building capacity courses, without a specific plan. Please correct and reduce index to 3 (three).
ROUND	1 st
CLIENT ANSWER	According to the evidences provided the entrepreneur does not stimulate, he invests in the building capacity of the employees linked with their professional functions, however without a specific plan. Therefore, we believe the index should continue 4 (four).
REVISED SECTION	Section 4. Results – Indicator 10. Building capacity plan
CONCLUSION	Ok, evidences and comments were accepted. CAR closed.

ITEM	18	CAR 14
REFERENCE	Section 4. Results – Indicator 11. Working conditions	
CAR/CL	Please clarify how the biomass and clay storage units improved the environmental work conditions of the employees, considering salubrious, sanitary and ergonomic as mentioned in the SOCIALCARBON standard.	
ROUND	1 st	
CLIENT ANSWER	The biomass and clay storage improved the working conditions to employees because they don't need to stay under the sun while working with them.	
REVISED SECTION	Section 4. Results – Indicator 11. Working conditions	
CONCLUSION	Ok. CAR closed.	

ITEM	19	CAR 15
REFERENCE	Section 4. Results – Indicator 11. Working conditions	
CAR/CL	The SCR states <i>The entrepreneur...also paved an area outside factory and In addition, the company has a partnership with SESI which provides workers with a recreation area at no cost.</i> This information is not applicable in this indicator, please remove them.	
ROUND	1 st	
CLIENT ANSWER	Ok. These statements were removed.	
REVISED SECTION	Section 4. Results – Indicator 11. Working conditions	

CONCLUSION	Ok. CAR closed.
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ITEM	20	CAR 16
REFERENCE		Section 4. Results – Indicator 13. Actions of health and security
CAR/CL		No evidence received related to the campaigns, lectures or training in the ceramic. Please reduce index to 2 (two).
ROUND		1 st
CLIENT ANSWER		Ok. The indicator was corrected and the index was reduced to 2 (two).
REVISED SECTION		Section 4. Results – Indicator 13. Actions of health and security
CONCLUSION		Ok. CAR closed.

ITEM	21	CL 5
REFERENCE		Section 4. Results – Indicator 14. Financing
CAR/CL		Please clarify if the following statement in the SCR also needs financing... <i>and also paved an area outside the factory.</i>
ROUND		1 st
CLIENT ANSWER		This statement was removed.
REVISED SECTION		Section 4. Results – Indicator 14. Financing
CONCLUSION		Ok. CL closed.

ITEM	22	CL 6
REFERENCE		Section 4. Results – Indicator 15. Production
CAR/CL		The Final Monitoring Report was not provided. Please clarify.
ROUND		1 st
CLIENT ANSWER		The Final Monitoring Report was not send to IBOPE because it was not verified yet. As soon as the final report is issued, it will be sent to IBOPE.
REVISED SECTION		Section 4. Results – Indicator 15. Production

CONCLUSION	Ok. CL closed.
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ITEM	23	CAR 17
REFERENCE	Section 4. Results – Indicator 16. Expectative	
CAR/CL	According to the on-site visit interview, the ceramic owner thinks that they will have a business retraction. Please correct and reduce index to 1 (one).	
ROUND	1 st	
CLIENT ANSWER	Ok. The indicator was corrected and the index was reduced to 1 (one)	
REVISED SECTION	Section 4. Results – Indicator 16. Expectative	
CONCLUSION	Ok. CAR closed.	

ITEM	24	CL 7
REFERENCE	Section 4. Results – Indicator 17. Renewable biomass supply	
CAR/CL	No evidences received. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	The evidences will be sent to IBOPE by e-mail.	
REVISED SECTION	Section 4. Results – Indicator 17. Renewable biomass supply	
CONCLUSION	Ok. CL closed.	

ITEM	25	CAR 18
REFERENCE	Section 4. Results – Indicator 18. Carbon market	
CAR/CL	According to the SOCIALCARBON Standard clarification, this indicator shall analyze the previous period instead of the present period. Please correct.	
ROUND	1 st	
CLIENT ANSWER	Ok. It was corrected.	

REVISED SECTION	Section 4. Results – Indicator 18. Carbon market
CONCLUSION	Ok. CAR closed.

ITEM	26	CL 8
REFERENCE	Section 4. Results – Indicator 19. Financial planning of the emission reduction project	
CAR/CL	No evidences received related to the project's implementation and operation. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	The comments were altered and the index was reduced to 3 (three).	
REVISED SECTION	Section 4. Results – Indicator 19. Financial planning of the emission reduction project	
CONCLUSION	Ok. CL closed.	

ITEM	27	CAR 19
REFERENCE	Section 4. Results – Indicator 20. Sustainability principles	
CAR/CL	The following statement <i>Intention to replace two diesel forklifts with two new forklifts powered by gas</i> shall be included as a perspective. Please correct it.	
ROUND	1 st	
CLIENT ANSWER	Ok. The sentence was excluded from the comments and included as a perspective.	
REVISED SECTION	Section 4. Results – Indicator 20. Sustainability principles	
CONCLUSION	Ok. CAR closed.	

ITEM	28	CL 9
REFERENCE	Section 4. Results – Indicator 20. Sustainability principles	
CAR/CL	No evidence received related to the <i>Donation of plastics and cardboards for recycling</i> . Please clarify.	
ROUND	1 st	
CLIENT ANSWER	Ok. The sentence was excluded.	

REVISED SECTION	Section 4. Results – Indicator 20. Sustainability principles
CONCLUSION	Ok. CL closed.

ITEM	29	CAR 20
REFERENCE	Section 4. Results – Indicator 20. Sustainability principles	
CAR/CL	The following statement <i>Monthly visits from a geologist to ensure that activities accord with environmental laws</i> can't be considered as an incorporation of sustainability, as the geologist only seeks the legislation requirements that is obligatory to the ceramic. Please remove it and reduce index to 2 (two).	
ROUND	1 st	
CLIENT ANSWER	The statement was excluded and the index was reduced to 2 (two).	
REVISED SECTION	Section 4. Results – Indicator 20. Sustainability principles	
CONCLUSION	Ok. CAR closed.	

ITEM	30	CL 10
REFERENCE	Section 4. Results – Indicator 22. Environmental legislation	
CAR/CL	Although the ceramic have requested the renewal of the operating license, it is presenting temporary inconformity. Please correct and reduce index to 3 (three).	
ROUND	1 st	
CLIENT ANSWER	There is a delay from the Environmental Agency to deliver the new License. The ceramic is not the responsible of the delay to get its renewal due to Argibem ceramic complied with all the requirements of its Environmental Legislation. Therefore, the index 4 (four) is more appropriate.	
REVISED SECTION	Section 4. Results – Indicator 22. Environmental legislation	
CONCLUSION	Ok, according to the CONAMA Resolution number 237, the renewal of the operating license is automatically extended until the ultimate manifestation of the competent environmental agency. Therefore, the index can be maintained in 4 (four). CAR closed.	

ITEM	31	CAR 21
REFERENCE	Section 4. Results – Indicator 24. Energy	
CAR/CL	No evidences received. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	The evidences will be sent to IBOPE by e-mail.	
REVISED SECTION	Section 4. Results – Indicator 24. Energy	
CONCLUSION	Ok. CAR closed.	

ITEM	32	CAR 22
REFERENCE	Section 4. Results – Indicator 25. Clay	
CAR/CL	Please correct the index from 4 (four) to 5 (five) in the field “Index” and in the annex Excel Spreadsheet.	
ROUND	2 nd	
CLIENT ANSWER	Ok, it was corrected.	
REVISED SECTION	Section 4. Results – Indicator 25. Clay	
CONCLUSION	Ok. CAR closed.	

ITEM	33	CAR 23
REFERENCE	Section 4. Results – Indicator 28. Residues from the productive process	
CAR/CL	According to the on-site visit interview, they don't know about the system that was implanted to prepare the clay and monitor the kilns firing process. Please remove the following sentence <i>Although there is no management system, there is control of the residues generated in the productive process as well as a reduction plan. The residues have reduced slightly as a result of the installation of a system that prepares the clay and monitors the kiln ' s firing process.</i>	
ROUND	1 st	
CLIENT ANSWER	Ok. The sentence was removed.	
REVISED SECTION	Section 4. Results – Indicator 28. Residues from the productive process	

CONCLUSION	Ok. CAR closed.
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ITEM	34	CAR 24
REFERENCE	Section 4. Results – Indicator 34. Machinery	
CAR/CL	Please remove the following machineries from the SCR: Screener, electromagnet. The following machineries are common in the producing process, please remove it: - Disintegrator - Homogeneity - Rolling (metalworking) - Extrusion No evidence to the maintenance and calibration control of the machineries, please provided it or reduce index to 5 (five).	
ROUND	1 st	
CLIENT ANSWER	The screener and electromagnet were removed. The other machines such as disintegrator, homogeneity, rolling and extrusion show the type of equipments the ceramic utilizes and there are in good conditions, so it is important to stay in the SCR.	
REVISED SECTION	Section 4. Results – Indicator 34. Machinery	
CONCLUSION	Ok. CAR closed.	

ITEM	35	CL 11
REFERENCE	Section 4. Results – Indicator 35. Products variety	
CAR/CL	Although it was proved that the ceramic has six products certified by PSQ, no evidence was received from the other products types mentioned in this indicator. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	The indicator was modified. The ceramic produces 9 types of ceramic blocks with horizontal holes, 12 types of ceramic blocks with vertical holes, 6 types of structural bricks, 4 types of chutes, 6 types of flagstones and 3 types of custom-made ceramic blocks. These evidences will be sent to IBOPE by e-mail, however it can also be evidenced	

	in the ceramic website: http://www.argibem.com.br/argibem/produtos/ceramica/blocos/estruturais/
REVISED SECTION	Section 4. Results – Indicator 35. Products variety
CONCLUSION	Ok. CL closed.

ITEM	36	CAR 25
REFERENCE	Section 4. Results – Indicator 36. Quality control	
CAR/CL	According to the PSQ, only 6 products are certified. Please correct and reduce index to 5 (five).	
ROUND	1 st	
CLIENT ANSWER	Ok. It was corrected.	
REVISED SECTION	Section 4. Results – Indicator 36. Quality control	
CONCLUSION	Ok. CAR closed.	

ITEM	37	CL 12
REFERENCE	Section 4. Results – Indicator 37. Additionality	
CAR/CL	In the SCR is mentioned about section 2.5 of VCS. Please clarify and input the reference.	
ROUND	1 st	
CLIENT ANSWER	Ok. The indicator was modified to "The additionality of the project is established according to section 2.5 from VCS – Voluntary Carbon Standard – with contains specifications for the quantification, monitoring and project report, as well as the validation and verification of the greenhouse gases emission. In order to demonstrate that this project is additional, the test 1 of the Section 5.8 – Additionality of the VCS Standard 2007.1 document was used: The Project Test."	
REVISED SECTION	Section 4. Results – Indicator 37. Additionality	
CAR/CL	Ok, according to the comments provided, it refers to the VCS PD. However the correct name for VCS is Verified Carbon Standard. Please correct. CL remains open.	
ROUND	2 nd	
CLIENT ANSWER	Ok, it was corrected.	

REVISED SECTION	Section 4. Results – Indicator 37. Additionality
CONCLUSION	Ok. CL closed.

ITEM	38	CAR 26
REFERENCE	Section 4. Results – Indicator 38. Emission reductions calculations and monitoring	
CAR/CL	The SCR states <i>...is specified in the PDD (Project Design Document)...</i> According to the Verified Carbon Standard (VCS), it shall be denominated as Project Description. Please correct. The methodology described in the SCR is not in accordance with the VCS PD provided. Please revise this indicator and correct.	
ROUND	1 st	
CLIENT ANSWER	Ok. The comment was modified and corrected.	
REVISED SECTION	Section 4. Results – Indicator 38. Emission reductions calculations and monitoring	
CONCLUSION	Ok. CAR closed.	

ITEM	39	CAR 27
REFERENCE	Section 4. Results – Indicator 40. Project performance	
CAR/CL	Please correct the expression <i>VCS PDD</i> to <i>VCS PD</i>. VCS Final Monitoring and Verification Report were not provided yet. Please clarify.	
ROUND	1 st	
CLIENT ANSWER	Ok. The comments and the index were modified, because the calculation of the project performance was remade.	
REVISED SECTION	Section 4. Results – Indicator 40. Project performance	
CONCLUSION	Ok. CAR closed.	
ITEM	40	CAR 28
REFERENCE	Section 4. Results – Indicator 42. Involvement of the stakeholders	

CAR/CL	According to the on-site visit interview, the previous Municipality Hall was notified by the ceramic's owner. Therefore, in this period, the ceramic owner didn't have any actions related to this indicator.
ROUND	1 st
CLIENT ANSWER	Ok. The comments were corrected.
REVISED SECTION	Section 4. Results – Indicator 42. Involvement of the stakeholders
CONCLUSION	Ok. CAR closed.

ITEM	41	CAR 29
REFERENCE	Section 5.1 – General performance; Section 5.2 – Performance by resource; Section 5.3 – Historic performance and comparative analysis; Annex – Excel Spreadsheet	
CAR/CL	These sections shall be updated according to the new analysis and indexes. Please correct.	
ROUND	1 st	
CLIENT ANSWER	Ok, the sections were updated.	
REVISED SECTION	Section 5.1 – General performance; Section 5.2 – Performance by resource; Section 5.3 – Historic performance and comparative analysis; Annex – Excel Spreadsheet	
CAR/CL	These sections shall be updated again according to the new analysis and indexes. Please correct.	
ROUND	2 nd	
CLIENT ANSWER	Ok, the sections were updated.	
REVISED SECTION	Section 5.1 – General performance; Section 5.2 – Performance by resource; Section 5.3 – Historic performance and comparative analysis; Annex – Excel Spreadsheet	
CONCLUSION	Ok. CAR closed.	

References

REFERENCE	DOCUMENTS	VERSION	ISSUANCE DATE
SC S	SOCIALCARBON Standard	4.2	June 2011
SCM IICS	SOCIALCARBON Standard Indicators for industries of the ceramic sector	8.2	June 2011
SCRT	SOCIALCARBON Report Template	3.2	April 2011
SC G	Guide for completing SOCIALCARBON® Reports	3.1	September 2010
SCR 1	SOCIALCARBON Report Point 1	-	January 29 th , 2010
SCR 2	SOCIALCARBON Report Point 2	3.0	December 09 th , 2011
VCS PD	Argibem, São Sebastião and Vulcão Ceramics Fuel Switching Project	3.0	May 15 th , 2009
FValR	Final Validation Report	-	May 22 nd , 2009
MR 2	Monitoring Report 2	3.0	November 09 th , 2011
FVerR 2	Final Verification Report 2	2.0	December 08 th , 2011