

Public Notification Letter

FSC® Chain of Custody Controlled Wood Stakeholder Consultation

To: Interested Parties

From: SCS Global Services

Consultation period: 31 July 2018 – 11 Sep 2018

Re: Notification of intent to audit **Laminas Internacionales S.A (LAMINSA)** against FSC Chain of Custody Controlled Wood standard FSC-STD-40-005 V3-1

The Forest Stewardship Council® (FSC) requires that a certification body conducting an audit of a certified organization or applicant must consult stakeholders whenever the audit includes intent to source and use uncertified material in an FSC Chain of Custody (CoC) program according to the requirements in FSC-STD-40-005 V3-1 “Requirements for Sourcing FSC Controlled Wood”. Therefore, SCS Global Services (SCS) is seeking input from interested and directly affected stakeholders regarding the relevance, effectiveness, and/or adequacy of **Laminas Internacionales S.A (LAMINSA)’s** Due Diligence System (DDS).

An explanation of ‘FSC Controlled Wood’, as well as a copy of FSC-STD-40-005 V3-1, is available here: <https://ic.fsc.org/en/certification/types-of-certification/controlled-wood-02> ; a copy of this standard is also available from SCS upon request.

Due Diligence Systems are required for certified organizations in order to avoid the sourcing and use of material originating from unacceptable sources in their FSC CoC program.

Directly affected stakeholders include any person, group of persons, or entity that is, with high probability, subject to the effects of the activities related to an organization’s controlled wood sourcing program, including the activities of their suppliers and sub-suppliers, as well as those who influence risk identified through the organization’s Due Diligence System.

This letter serves as SCS’ invitation to directly affected stakeholders to participate in our consultation process. This letter also serves as SCS’ public notification for any interested stakeholders, who are also invited to participate in the consultation process. Participation in this stakeholder consultation process is voluntary; stakeholders are not required to submit comments.

Scope of audit and audit details:

The audit will assess the conformity of the organization’s controlled wood program – including Risk Assessment(s) and DDS – according to the certification requirements as per FSC-STD-40-005 V3-1.

The company’s DDS Public Summary and Risk Assessment (excluding confidential information), as well as any other information or documents deemed relevant for the purpose of this stakeholder consultation, are included as appendices to this letter—see below. For a list of the information that is required to be publically available for stakeholder consultation by SCS, see FSC-STD-40-005 V3-1, Section 6.

Options for participation and provision of comments:

Please submit written comments and evidence (where appropriate) by mail, FAX or email to SCS:

SCS Global Services
Att'n: Chain of Custody Certification Services
2000 Powell Street, Suite 600
Emeryville, CA 94608

Fax: 510-452-6882

Email: CWStakeholder@SCSGlobalServices.com

A summary of the stakeholder consultation and comments received will be made publically available on the FSC certificate database, as per FSC-STD-20-011 V4-0. Verbatim comments will only be published with prior consent from the stakeholder and will not be associated with stakeholder names.

Note that, while SCS is required to evaluate all information and comments objectively, SCS certification decisions are affected by stakeholder comments only insofar as the comments provide evidence of conformity or nonconformity to the applicable requirements.

Within 30 days of making our certification decision, SCS will respond to all stakeholders who provided comments to explain how their comments were taken into account.

More information about FSC and SCS can be found on our respective websites: www.fsc.org and www.scsglobalservices.com.

Publically Available Summary of the DDS for FSC Controlled Wood

Publically Available Summary of the DDS for FSC Controlled Wood

1. Name of the certificate holder

Laminas Internacionales, SA

2. Qualification of persons developed the DDS, including engagement of external parties

Rob Garner, Director, ForestBased Solutions, LLC

Rob has over 20 years forest and supply chain management experience. He has developed and implemented forest product due diligence systems for clients in over 15 timber producing countries. Work includes certification systems development for FM, COC and CW standards implementation.

3.

B SUPPLERS

Exact number of suppliers	Approx. number of sub-suppliers	Supplier types	Average length of the non-FSC-certified supply chain	Risk of mixing with non-eligible inputs
1	0	Forest management / producer	Direct log purchase from FMU / Producer	Very low based on current species, product type and sources of inputs.

B SUPPLY AREA

Country	Supply area	Controlled wood category	Risk designation	Kind of risk assessment	Reference to the risk assessment	Reference to control measure(s)
Paraguay	San Pedro / Santa Rosa Departments	CW CAT 1	<input checked="" type="checkbox"/> low <input type="checkbox"/> (un)specified	<input type="checkbox"/> FSC <input checked="" type="checkbox"/> own	March 2018, FBS completed on site assessments of the direct and potential new suppliers to Laminsa. FBS confirmed that Laminsa currently has only one source of timber from natural	1, 2, 3

Publically Available Summary of the DDS for FSC Controlled Wood

				forests and that remains Agro Forestal Tacuati, SA. FBS completed site visits to two new potential suppliers of timber Wenzel, SA and Vista Alegre, SA. Documents from FMUs and sample Guias were provided to FBS.		
		CW CAT 2	<input checked="" type="checkbox"/> low <input type="checkbox"/> (un)specified	<input type="checkbox"/> FSC <input checked="" type="checkbox"/> own	Based on insitu observations and interviews with stakeholders Guyra Paraguay and WWF Paraguay, there is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas of the assessed FMUs. Review of Instituto Paraguayo del Indigena - www.indi.gov.py confirmed no evidence in the area being assessed.	1, 2, 3
		CW CAT 3	<input checked="" type="checkbox"/> low <input type="checkbox"/> (un)specified	<input type="checkbox"/> FSC <input checked="" type="checkbox"/> own	According to the http://wwf.panda.org/about_our_earth/ecoregions/cerrado_woodlands_savannas.cfm/ the Eco-region of Paraguay is Cerrado Woodlands and Savannas. The forest landscape is part of the Mata Atlantica, which is considered a High Conservation Value Forest area. The assessed FMUs are more than 85 kilometers from any protected areas. Forest management activities at the FMU level are controlled and regulated by the owner. The species that are being harvested are not CITES or threatened species. The assessed species is considered a secondary species.	1, 2, 3
		CW CAT 4	<input checked="" type="checkbox"/> low <input type="checkbox"/> (un)specified	<input type="checkbox"/> FSC <input checked="" type="checkbox"/> own	There are no FSC regional or country standards at the country and district level, based on insitu observations and interviews during the 2017 and 2018 risk assessment, a low risk designation was applied FBS was able to interview national and international NGOs about country and regional district level risks against the FSC CW criteria of conversion of natural forests. The forest laws of Paraguay, particularly the zero conversion law (Ley Nro. 2425/2004 o Ley de Deforestación 0) and the mandatory Environmental Impact Study regulated by SEAM provide significant protection system for addressing HVCs. Based on Stakeholder responses from WWF Paraguay, there is evidence of conversion in the San Pedro, Santa Rosa region. There is no evidence of forest conversion at the FMU level of this assessment. This is based on stakeholder interviews, reviews of FM plans and observations in situ of the current sole supplier and new potential suppliers of timber to the company. There is ample evidence of adherence to forest law including adherence to minimum harvest dimensions of 40 cm for the species being harvested.	1, 2, 3
		CW CAT 5	<input checked="" type="checkbox"/> low <input type="checkbox"/> (un)specified	<input type="checkbox"/> FSC <input type="checkbox"/> own	There are no commercial use of GMO trees or forests at Paraguay and at the FMU or District Level of Santa Rosa.	1, 2, 3

Publically Available Summary of the DDS for FSC Controlled Wood

				<p>b. Licenses and permits are required for any use of GMO plants in Paraguay. Currently, there is not a directive from the government of Paraguay on the introduction of genetically modified tree species. Interviews with Guyra Paraguay revealed that this matter is currently being debated.</p> <p>The interviews with stakeholders revealed that the trend is to use agriculture based legislation to apply to forest management. Any use of genetically modified species must be approved and regulated by El Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas (<i>SENAVE</i>)</p> <p>C. As stated above all use of genetically modified trees or plants must be approved and regulated by <i>SENAVE</i>.</p>
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C CONTROL MEASURES

No.	Description of the implemented control measures	Summary of the stakeholder consultation process	Information on the engagement of experts
1	<p>Document Review</p> <p>Reviewed the following documents for verification of legal operations:</p> <ol style="list-style-type: none"> 1. INFONA License 2. SEAM Environmental Assessment 3. Purchase Orders from Log purchases 4. Transport documents – GUIAS – from FMU to Santa Rosa Mill. 	<p>March 2018, FBS conducted direct interviews with NGOs and consultation on the required documentation to legally operate a forest management unit, produce timber, transport timber and sell timber in Paraguay.</p> <p>Conclusions – based on direct review of documents from the assessed supply chain, there are no issues of non-compliance against the control measures implemented or against the FSC CW standard requirements.</p>	<p>Rob Garner, Director, ForestBased Solutions, LLC www.forestbased.com</p> <p>FBS conducted the stakeholder engagement process and personally conducted all compliance reviews.</p> <p>Experts from relevant NGOs and research based information was used to complete this assessment.</p>
2	<p>FMU Site Visits</p> <p>Conducted site visits to FMUs and observed logging practices, adherence to 40cm> minimums and access controls to FMUs.</p> <p>Reviewed Control Measures of document retention, access to FMUs, workers health and safety and up to date licenses to operate.</p>	<p>March 2018, FBS conducted direct interviews with NGOs and forest managers relevant to the assessed areas on issues of management plan implementation, conversion, High Conservation Value Forests, proximity to protected areas, issues regarding indigenous rights claims as well as health and safety issues at the forest level.</p> <p>Conclusions – based on direct insitu observations and review of required documentation for operating as an FMU there were no issues of non-compliance against the FSC CW standard requirements.</p>	<p>Rob Garner, Director, ForestBased Solutions, LLC www.forestbased.com</p> <p>FBS conducted the stakeholder engagement process and personally conducted all compliance reviews.</p> <p>Experts from relevant NGOs and research based information was used to complete this assessment.</p>
3	<p>Stakeholder Engagement</p> <p>FBS developed a list of relevant stakeholders</p>	<p>Conducted stakeholder engagement meetings with the following:</p>	<p>Rob Garner, Director, ForestBased Solutions, LLC www.forestbased.com</p>

Publically Available Summary of the DDS for FSC Controlled Wood

	<p>that have direct experience and knowledge in regional and country level forest issues pertaining to FSC CW standard requirements. The Stakeholder Engagement objectives were developed to provide insight and assessments of all FSC categories of assessing:</p> <ul style="list-style-type: none"> Illegally harvested wood Wood harvested in violation of traditional and human rights Wood harvested from forest in which high conservation values are threatened Wood harvested from areas being to plantations or non-forest uses Wood from forests in which genetically modified trees are planted <p>FBS has conducted four previous risk assessments and verification of legality of forest products for Laminsa over the past four years.</p>	<ol style="list-style-type: none"> 1. Guyra Paraguay – Ms. Viviana Bonzi, Species Conservation Coordinator and Cecillia Pizzurno, Forest Engineer <p>Summary of comments includes the laws of Paraguay governing forests are robust but the capacity to enforce these laws is not too strong. Conversion of natural forest is a big concern along with incursions by landless people especially in protected areas. Private landowners have better security to manage forests than the government over protected areas. They had little information on specific forest landowners in the San Pedro / Santa Rosa area.</p> 2. WWF Paraguay – Mr. Oscar Rodas, Climate Change and Policy Director <p>Summary of comments included: HCVF issues were not relevant to the San Pedro / Santa Rosa area. Landowners in this region are facing security problems from landless people and a criminal gang that extorts money – EPP. There are very good forest landowners and some that are actively converting forests which is illegal. Twenty percent of agroforest mix used land must remain as natural forest. Geo spatial mapping is available to identify forest conversion. He offered support in vetting forest management units based off providing him with management plans. Mr. Rodas was very positive about private sector companies investing in FSC systems management.</p> <p>Conclusion – based interviews with stakeholders there was no indication of non-compliance to the FSC CW standard requirements.</p>	<p>FBS conducted the stakeholder engagement process and personally conducted all compliance reviews. Experts from relevant NGOs and research based information was used to complete this assessment.</p>
4	<p>Justification for Low Risk</p> <ul style="list-style-type: none"> ❖ Direct sourcing from producers ❖ Laminsa requires all legal documentation before purchase ❖ Siite Visits - FMUs 	<p>FBS has conducted risk assessment interviews on relevant control mechanisms directly relevant to the FSC CW standard to justify the low risk application. FBS arranged a diverse group of meetings with relevant stakeholders based on four years of direct assessment experience in the assessed areas.</p>	<p>Rob Garner, Director, ForestBased Solutions, LLC www.forestbased.com FBS conducted the stakeholder engagement process and personally conducted all compliance reviews.</p>

Publically Available Summary of the DDS for FSC Controlled Wood

	❖ Long term supplier relationships	Conclusions - No reported infractions or violations of laws governing the harvest, transport and processing of forest products.	
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D FINDINGS FROM FIELD VERIFICATIONS

No. of the control measure	Description of the non-conformity	Reference to the applicable standard and clause	Planned or already implemented corrective action
1	Proper Logging Attire	This was in a potential new supplier FMU visited April 25, 2017	FBS reported to the FMU manager that proper clothing and attire for harvesting should be worn in the logging area. This includes boots, pants for chain saw protection and hard hats.

Publically Available Summary of the DDS for FSC Controlled Wood

Laminas Internacionales, SA 2018 FSC CW Risk Assessment Summary – Update

RISK ASSESSMENT SUMMARY:

ForestBased Solutions, LLC (FBS), completed a 2017 and 2018 risk assessment to correspond to requirements of the FSC CW FSC-STD-40-005 V2-1. FBS was able to interview new potential suppliers. FBS was able to interview national and international NGOs about country and regional district level risks against each of the FSC CW standard criteria.

FBS, used other primary sources of evidence other than Global Forest Registry (GFR), which is incomplete and due the fact that there are no FSC regional or country standards at the country and district level. FBS reviewed Transparency International CPI for Paraguay, which is (29) requiring in depth assessments at the FMU level. THE GFR indicates specified risk for categories 1,2,3,4 but evidence based assessments in April 2017 and March 2018 provides no basis for this other than FSC has not completed a National Standard and therefore lacks appropriate detail for this specification.

FBS relied on 2015 and 2016 audits from SGS for FSC CW and CoC to add to the evidence of compliance and low risk designation,

An unspecified risk designation has been applied at the national level of Paraguay. But Based on evidence during an insitu Risk Assessment March 2018 and April 2017, for timber in the Laminsa supply chain and the insitu assessment Laminsa's supply chain should be considered low risk which was determined all the way to the FMU level.

SUMMARY of RELEVANT LEGISLATION

- Resolucion SEAM 1564 del 4 Mayo de 2009 o ley 3001/06 establecen los criterios e indicadores juridicos, ecologicos y sociales dentro de Estudio de Impacto Ambiental.
- (Ley Nro.2425/2004 o Ley de Deforestación 0) and the mandatory Environmental Impact Study regulated by SEAM
- Article 42 de la ley 422/73 requires 25% of natural forest area be left in tact. Resolution 001/94
- Decree Nbr.11681/75 and The INFONA, Resolution Nbr. 815/09, in its Article 4 establishes the method for issuing of the Guias for transporting timber and forest products.

- LH resolución de la Secretaria del Ambiente N° 1133/04 de fecha 02 de noviembre del 2004 "Por la cual se reglamenta la emisión de licencia Ambiental en el marco de la Ley de evaluación de Impacto Ambiental",
- Que el Art. 12°, de la Ley 422/73, inc. "e" establece: "son atribuciones y funciones del Servicio Forestal Nacional..... e) Fiscalizar el aprovechamiento; el manejo de los bosques y el de los recursos naturales renovables del país",

List of Sources

- Forest Stewardship Council Database www.fsc.org
- Transparency International www.transparency.org
- FSC Global Forestry Registry
- WWF – www.wwf.org.py
- IDEA - <http://www.idea.org.py>
- ICSISA – www.icswisa.org.py
- Guyra www.guyra.org.py
- Paraguay Ministry of Forestry (INFONA)
- Paraguay Ministry of Environment (SEAM)
- Agro Forestal Tacuati, SA
- Vista Alegre, SA
- Wenzel, SA
- Laminsa, SA
- Yaragua SA
- El Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas (SENAVE), www.senave.gov.py
- Instituto Paraguayo del Indígena - www.indi.gov.py
- Inter American Commission on Human Rights www.oas.org/en/iachr/
- The Royal Institute of International Affairs (www.illegal-logging.org);
- Environmental Investigation Agency (www.eia-international.org);
- Global Witness: (www.globalwitness.org)

Functional Scale:

Private Ownership In situ assessment at FMU level completed with low risk determination based on fact that all licenses and management plans are up to date.

FBS determines low risk at the actual FMU and mill level.

FBS interviews with WWF Paraguay revealed specified risk at the regional level. Actions require oversight on supply chain. Control measures are in place.

Control Measures

- Laminsa consults directly with key stakeholders that have direct expertise in forest conservation, social issues related to forests and government officials directly responsible for licensing and regulation oversight.

- Laminsa completes research on national and regional issues related to illegal logging and conversion and consults with NGOs such as WWF Paraguay and Guyra Paraguay on issues of concern.
- Laminsa will only buy logs from vetted sources which have agreed to provide all legal and forest regulatory information such as the SEAM Environmental Impact Assessment and Forest Management Plans regulated by INFONA.
- Laminsa completes direct site visits to all FMUs on a regular basis and has a third party conduct assessments annually or as needed depending on source.
- Laminsa has a comprehensive purchasing policy and currently has one log supplier for over seven years. Laminsa implements its DDS from the time the trucks leave the forest all through processing.
- Laminsa uses its own third party DDS assessors for annual audits as well has been FSC COC and CW certified by SGS for 3 years.
- The distance from forest to mill is maximum 40km. Trucks carry all documents and GUIA, which is checked by INFONA and by Laminsa staff at the mill gate.
- Decree Nbr.11681/75 and The INFONA, Resolution Nbr. 815/09, in its Article 4 establishes the method for issuing of the Guias.
- INFONA completes inspections of logs at the forest level.
- All control is completed to FMU level to avoid and mitigate any country level risk that is specified due to lack of GFR information. Company requests all required information to implement procedures designated in the FSC COC and CW standards to control the sources of timber for legal verification.
- FBS completed FMU site visits to new potential FMU sources of natural timber. Samples of FM plans are attached.

1. Illegally Harvested Wood:

Risk determination and specification (if not low risk). Justification:

1.1 Land Tenure and Management Rights

Low –Owners are clearly identified in official records and regulatory documents such official Forest Management Plans and SEAM required environmental impact study. No evidence of issues concerning land tenure or management rights.

FBS Due Diligence Assessments 2018 direct to FMUs confirm management plans and coordinance of locations of FMUs

1.2 Concession licenses.

Laminsa sources logs directly from vetted FMUs and requires copies of the officially government mandated Forest Management Plan and Environmental Impact Study before any purchases. Laminsa has received both documents from current sources of logs. Additionally, Laminsa requires access to complete site visits to the actual FMU annually and as needed.

FBS Due Diligence Assessments 2018 direct to FMUs confirm management plans and coordinance of locations of FMUs

1.3 Management and harvesting planning

Forest Management Plans stipulate all required data regarding rotation and annual harvesting. There are maps for the entire FMU and stipulations on riparian as well species distribution by volume

1.4 Harvesting permits

Low Risk - Forest Management Plans stipulate all required data regarding rotation and annual harvesting.

FBS Due Diligence Assessments 2018 confirm management plans and coordinates of locations of FMUs

1.5 Payment of royalties and harvesting fees.

Low Risk - FMUs are required to pay annual fees of 10% based on volume. INFONA officials measure all logs before they leave FMU. GUIAS are issued for transport that stipulates FMU source – species and volume. These permits are checked at incremental check points on all major roads in Paraguay.

1.6 Value added taxes and other sales taxes.

FMU Level: VAT is 10% on all sales of logs to Laminsa paid monthly
Sales invoices reflect volumes, species, quality and price.

Laminsa Plant level: VAT is 10% on all sales of product paid monthly
Sales invoices reflect volumes, species, quality and price.

1.7 Income and profit taxes.

Low Risk - All companies are required to pay annual income tax. Compliance is based on business tax ID. Sales invoices reflect volumes, species, quality and price.

1.8 Timber harvesting regulations.

Que el Art. 12º, de la Ley 422/73, inc. "e" establece: "son atribuciones y funciones del Servicio Forestal Nacional..... e) Fiscalizar el aprovechamiento; el manejo de los bosques y el de los recursos naturales renovables del país",

Laminsa has visited vetted FMUs for log purchases and has a third party complete due diligence on the regulatory structure required for compliance to harvesting regulations.

Laminsa has researched and compiled a comprehensive list of forest legislation which is kept on file.

The Forest Management Plans are required to be completed by certified forest engineers and require assessment of regulations on harvesting as key component.

1.9 Protected sites and species

Low Risk - Resolucion SEAM 1564 del 4 Mayo de 2009 o ley 3001/06 establecen los criterios e indicadores juridicos, ecologicos y sociales dentro de Estudio de Impacto Ambiental.

Resolution SEAM 1564 of May 4, 2009 o law 3001/06 establish the criteria and legal, ecological and social indicators within the Environmental Impact Study.

Laminsa has received the SEAM Environmental Impact study from vetted FMUs. Laminsa purchases a Class B species. There are Class A species in the Forest Management Plans such as cedro.

Laminsa has engaged WWF Paraguay and Guyra Paraguay concerning High Conservation Values. None of the FMUs are close to protected areas.

1.10 Environmental requirements

Resolucion SEAM 1564 del 4 Mayo de 2009 o ley 3001/06 establecen los criterios e indicadores juridicos, ecologicos y sociales dentro de Estudio de Impacto Ambiental.

All FMUs over 500ha are required to have a SEAM Environmental Impact Assessment.

Smaller FMUs are bound to INFONA regulations and stipulations regarding riparian areas and the zero deforestation law.

- **Reference: Article 42 de la ley 422/73 requires 25% of natural forest area be left in tact. Resolution 001/94**

1.11 Health and Safety.

FMU Level: Low Risk- Health and safety is apparent at the FMU level based on border security, access to FMU and Personal Protective Equipment

Laminsa Santa Rosa Mill Level: Low Risk – Laminsa performs biannual fire safety

inspections with the local fire department. Laminsa has evidence of trainings of health and safety. Laminsa keeps records of all accidents.

- Signage is apparent at the plant level
- First Aid available in all buildings
- Operational instructions are visible in the machinery areas

1.12 Legal employment.

Low Risk - Laminsa has completed social audits of its factory. Proof of legal employment is reflected in the Social Security Card system. Pay roles are reflective of receipts and proof of legal employment. All records of pay role are available during audits.

Laminsa has a basic salary and overtime program based on extended hours. Laminsa does not hire minors.

1.13 Customary rights.

Low Risk – Functional Scale is to FMU level. The property is private property and no Indigenous People live in or around the property. All applicable legislation enforced. No claims and all logs are sourced from Private Property.

Consultation with NGOs WWF and Guyra Paraguay and Public records of claims against properties with Laminsa vetted FMUs confirms no violations of customary rights.

1.14 Free, Prior and Informed Consent

Low Risk – Functional Scale is to FMU level. The property is private property and no Indigenous People live in or around the property. All applicable legislation enforced. No claims and all logs are sourced from Private Property.

1.15 Indigenous peoples' rights.

Low Risk – Functional Scale is to FMU level. The property is private property and no Indigenous People live in or around the property. all applicable legislation enforced. No claims and all logs are sourced from Private Property.

Resolucion Del Consejo 2003 – Prohibits exploitation of forests in indigenous communities.

1.16 Classification of species, quantities,

FMU Level Low – The government of Paraguay through forest law establishes classification of species A- B – C etc... The Forest Management Plans inventory presented show clear species classification and volumes. Laminsa only buys a class B common species - Kupay.

Laminsa Plant and Mill Level – Low - Logs are tracked through production to veneer using Alto Parana conversion. All conversions and yield are recorded based on production lot and date. Guias follow these productions to point of last transformation at

the Laminsa Iturbe Mill.

FBS Due Diligence assessments 2018 revealed clearly labeled products with production dates, Lot Number and species. Assessments confirm tracking documentation relevant to GUIAS.

1.17 Trade and transport.

Laminsa requires commercial invoices for all transactions. Species and volume are recorded on these invoices.

INFONA completes oversight on transport and volumes of logs from FMU to point of Last Transformation. GUIAS are checked at regional check points and stamped. Laminsa keeps all GUIAS bills of lading on file for all transport.

Decree Nbr.11681/75 and The INFONA, Resolution Nbr. 815/09, in its Article 4 establishes the method for issuing of the Guias for transporting timber and forest products.

1.18 Offshore trading and transfer pricing.

Low Risk – Laminsa only sells semi-finished product to a local company Aretpiso SA

1.19 Customs regulations.

Low Risk – Not applicable to Laminsa

All exported products must be declared and have normal Certificate of Origin, Packing Lists and Bill of Lading.

1.20 CITES.

Low Risk – Laminsa only purchases Class B species and CITES is not applicable.

1.21 Legislation requiring due diligence/due care procedures.

Low Risk – there is no legislation requiring due diligence.

Laminsa goes a step beyond and completes due care on all supply chains using a third party as well as provides training on the US Lacey Act and general company policies for wood procurement procedures.

2. Wood harvested in violation of traditional or civil rights

2.1. The forest sector is not associated with violent armed conflict, including that which threatens national or regional security and/or is linked to military control.

FMU level – Low - FBS Due Diligence Assessments 2018 confirm management plans and coordinance of locations of FMUs and there is no evidence of wood harvested in violation of civil rights or an area of armed conflict

2.2. Labor rights are upheld including rights as specified in ILO Fundamental Principles and Rights at Work.

FMU level – Low - FBS Due Diligence Assessments 2018 confirm management plans and UTM coordinates of locations of FMUs. There is no evidence ILO Fundamental Principles

2.3. The rights of indigenous and traditional peoples are upheld.

FMU level – Low - Review of Instituto Paraguayo del Indigena - www.indi.gov.py confirmed no evidence in the area being assessed.

Resolucion Del Consejo 2003 – Prohibits exploitation of forests in indigenous communities.

3. Wood harvested from forest in which high conservation values are threatened by management activities

3.0 Data available are sufficient for:

- a) Determination of HCV presence for each HCV, AND
- b) The assessment of the threats to HCVs from forest management activities.

Specified – Country and regional level Paraguay forests in the Oriental region are part of the Mata Atlantica –

Low at FMU level data available sufficient to determine low risk at FMU. Applicable legislation and enforcement by INFONA and SEAM.

Guyra Paraguay supports more stringent evaluations at the Private commercial FMU level as it relates to their partnership with Bird Life International. Guyra Paraguay also indicated that commitments, by Laminsa, to standards such as FSC CW would add a layer of oversight for improving the Federal government and INFONA to add to better management of the limited number of responsible forest management for natural forests.

- FSC Global Forestry Registry
- WWF – www.wwf.org.py
- Direct interviews with WWF
- Direct interviews with Guyra Paraguay

According to the

http://wwf.panda.org/about_our_earth/ecoregions/cerrado_woodlands_savannas.cfm/ the Eco-region of Paraguay is Cerrado Woodlands and Savannahs. The forest landscape is part of the Mata Atlantica, which is considered a High Conservation Value Forest area.

FBS was able to interview government as well as national and international NGOs about country and regional district level risks against each of the FSC CW standard criteria

Forest management activities at the FMU level are controlled and regulated by the owner. The species that are being harvested are not CITES or threatened species. The assessed species is considered a secondary species.

The forest laws of Paraguay, particularly the zero conversion law provide significant protection system for addressing HVCs.

- **(Ley Nro. 2425/2004 o Ley de Deforestación 0) and the mandatory Environmental Impact Study regulated by SEAM 4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses**

4.1 Conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02% or 5000 hectares average net annual loss for the past 5 years (whichever is less),

OR

Conversion is illegal at the national or regional level on public and private land

- Specified at country level and regional level
- Low at FMU level – FBS obtained the Forest Management Plans for all forests in the Laminsa supply chain. These plans indicate 12 -15 year rotations and healthy distribution of the commercial species in all classes A – B – C as incentive to actively management the forest for commercial timber. There is no incentive to convert to agriculture illegally or legally.

The forest laws of Paraguay, particularly the zero conversion law provide significant protection system for addressing HVCs.

- **(Ley Nro. 2425/2004 o Ley de Deforestación 0) and the mandatory Environmental Impact Study regulated by SEAM**

Based on Stakeholder responses from WWF Paraguay, there is evidence of conversion in the San Pedro, Santa Rosa region. A new decree has been passed in 2017 that allows conversion on private property to plantations and agriculture. This is being fought against by WWF Paraguay.

There is no evidence of forest conversion at the FMU level of this assessment. This is based on stakeholder interviews, reviews of FM plans and observations in situ of the vetted and sole supplier and new potential suppliers of timber to the company. There is ample evidence of adherence to forest law including adherence to minimum harvest dimensions of 40 cm for the species being harvested.

There is also ample evidence of healthy regeneration across the FM plan.

5. Wood from forests in which genetically modified trees are planted

5.1. Low Risk: No commercial use of genetically modified trees.