

Methodology of the BVRio Due Diligence and Risk Assessment System

The Due Diligence and Risk Assessment System is a component of the BVRio Responsible Timber Exchange, a trading platform for forest products with the possibility of risk management and due diligence. The System allows the user to consult the transport authorization documents of wood products (Guias Florestais - GF, or Documents of Forest Origin - DOF) and receive reports of possible illegalities and identified risks.

The results presented in the Due Diligence and Risk Assessment System are generated from the analysis of several key risk indicators (KRI). These indicators result from the compilation and cross-checking of public data and internal analyses carried out by BVRio, and are classified into "primary" risk indicators and "complementary" risk indicators. The primary indicators are those that result directly from the consultation of government documents or information, without the need for secondary analysis or combinations with other data. The primary risk indicators reflect the regularity of the documents of the forest management and the existence of infractions and embargoes affecting the logging activity ([Section 1](#)). Complementary indicators, in turn, result from data cross-checks and statistical analyses, combining sources of government and non-government information, as described in this document. Complementary risk indicators include analyses of satellite imagery and complementary statistical analyses ([Section 2](#)). [Annex 1](#) contains a summary table of the various risk indicators analysed, and the corresponding possible evaluations.

The due diligence carried out by BVRio depends to a large extent on information made publicly available by official bodies. The information publicly available varies from state to state, and for this reason the details of the analyses also varies according to the state of origin of the wood. [Annex 2](#) shows the main differences of information available, depending on the state.

1. Analysis of the Primary Risk Indicators (primary KRI)

The primary risk indicators reflect ([1.1](#)) the regularity of the legal documents of the management activity (when applicable); and ([1.2](#)) the existence of infractions and embargoes affecting the timber company.

1.1 Analysis of Documents

The analysis of documents seeks to identify the formal regularity of the timber activities by verifying (1.1.1) the Logging Permit and (1.1.2) the Environmental License.

1.1.1 Logging Permit

Description: The logging permit (called AUTEX - "authorization of exploration" - in all the states, except in the State of Pará, where it is called AUTEF)¹ is the document that authorizes the extraction of the forest products. This document is issued by the state environmental secretariats and, as a result, may vary in form and content from state to state. The AUTEX informs, among other information, the






¹ In the State of Pará the logging permit is called AUTEF (Forest Exploration Authorization). In this document, for simplification purposes, the term AUTEX includes the AUTEF as well.

authorized area (in hectares) and the list of authorized species (species name and quantity)². In the states of Pará and Mato Grosso, the authorization is accompanied by a geo-referenced polygon describing the authorized area of logging.

Verifications: When analysing an AUTEX, BVRio verifies its authenticity and validity.

- (i) Authenticity is verified by consulting the official website of each state, when available. Currently, only the states of Pará and Mato Grosso make their AUTEX available on official websites. If an AUTEX is not available in these states, it will receive an Orange score.
- (ii) If the AUTEX was suspended by the control authorities, it will receive a Red rating;
- (iii) The validity period of AUTEX will be compared with the date of issuance of the forest transport document (Guia Florestal or DOF). The AUTEX is considered expired if its expiration date precedes the date of issuance of the corresponding GF/DOF in more than 90 days. In this case, the AUTEX will receive an Orange rating.

1.1.1 Logging Permit (AUTEF/AUTEX).

Risk indicator	Assessment	Rating
Existence and authenticity of the document	Confirmed	
	Not Confirmed	
Validity (status) of the permit. For the purposes of the analysis of a GF/DOF, the status “Valid” and “Expired” are related to the date of the issuance of the GF/DOF. If a GF/DOF issued after 90 days after the expire date of the AUTEX/AUTEF, it will be scored as Orange; The “Suspended” status refers to the date of the consultation.	Valid	
	Expired	
	Suspended	





1.1.2 Environmental License

Description: In addition to an AUTEX, logging generally also depends on an environmental license (whose characteristics and denominations vary from state to state: Environmental License, Forest License, Single Environmental License, etc.).

Verifications: When analysing an Environmental License, we verify its authenticity and validity.

- (i) Authenticity is verified by consulting the official website of each state, when available. Currently, only the states of Pará and Mato Grosso make their environmental licenses available on official websites. If the license is not available in these states, it will receive an Orange score.
- (ii) If the license was suspended by the control authorities, it will receive a Red rating;
- (iii) The validity period of the license will be compared with the date of issuance of the forest transport document (Guia Florestal or DOF). The license is considered expired if its expiration date precedes the date of issuance of the corresponding GF/DOF in more than 90 days. In this case, it will receive a Yellow rating.

1.1.2 Environmental license.

Risk indicator	Assessment	Rating
Existence and authenticity of the document	Confirmed	
	Not Confirmed	
Validity (status) of the license. For the purposes of the analysis of a GF/DOF, the status “Valid” and “Expired” are related to the date of the issuance of the GF/DOF. If a GF/DOF is issued after 90 days	Valid	
	Expired	

² In Mato Grosso, this information is contained in a document called CLCF, which accompanies the AUTEX.

after the expire date of the license, it will be scored as Orange; The “Suspended” status refers to the date of the consultation.

Suspended



1.2 Infractions and embargoes

The verification of infractions and embargoes seeks to identify cases where competent authorities have identified irregularities in timber activities. Included in this analysis are: federal and state environmental infractions, federal and state environmental embargoes, and slave labour infractions.

1.2.1 Environmental Infractions

Description: Environmental infractions assessments are formalized by administrative notices applied by the competent environmental agency. In Brazil there are federal and state infraction notices. The federal infraction notices are applied by the federal environmental agency (Brazilian Environment Institute - Ibama). The state infraction notices are applied by the state authorities. The federal infraction notices can be consulted in a system maintained by Ibama, which indicates, among other data, the nature of the infraction, the fine applied, and the procedural situation³. State infraction notices are not always organized in a systematic and easily accessible state system.

Verifications: In the BVRio due diligence process, we verify if the company received federal environmental infraction notices and, to the extent that the data is available, state infraction notices. In this assessment, we classify the federal infraction notices according to their severity and relevance, considering the typology of the infraction, the value of the sanctions imposed and the time factor.

Regarding pertinence, we sought to identify which infraction notices refer to the logging activity under analysis. Three pertinence criteria are considered. Firstly, we classify the infraction notices according to the nature of the infraction. At this stage of the analysis only the infractions related to the company's logging activity are considered (environmental infractions of another nature, such as related to fauna, pollutants, etc. are not considered at this stage). Still in relation to the pertinence, we only consider, at this stage of the verification, the infractions directly related to the establishment analysed⁴. Finally, we apply a temporal criterion of pertinence⁵.

Once the infractions considered pertinent have been identified, we make a classification of the seriousness of the infraction committed. To do so, we consolidate the value of the fines imposed. For

³ The procedural situation of the infraction notices is classified in the BVRio system in four stages: in administrative proceedings (being resolved within the State body whose agent identified the infraction), in court proceedings (being settled in a judicial court), confirmed or overruled.

⁴ It is important to note that an environmental infraction notice can refer to a specific establishment of a company (a branch, a yard, a forest management, a sawmill) or the company headquarters. Thus, notices affecting other sites of the same company are not considered at this stage of the analysis (but are considered in the analysis of the track record of the parties involved, as described in the corresponding section of this document).

⁵ Thus, we consider that the infraction notices applied prior to the issuance of a AUTEX (ie, prior to the activities provided for in the AUTEX under analysis), nor the infraction notices applied more than 3 years after the expiration of the AUTEX are not relevant at this stage of the analysis (as we consider that such infractions are not related to the logging activity object of AUTEX in analysis). However, infraction notices applied before the issuance of the AUTEX or 3 years after its expiration, may affect other AUTEX of the same establishment and will be considered in another stage of due diligence).

the consolidation, the amount of the fine is weighted according to its seniority. The older the infraction notices, the less weight it will have in consolidating the fines⁶.

After weighing and consolidating the amounts of the fines, the result is classified as follows: (i) Consolidated amounts lower than R\$ 12,000.00 are considered negligible and classified as negligible; (ii) Consolidated amounts above R\$ 12,000.00 but lower than R\$ 45,000.00 are classified as of low relevance; (iii) Consolidated amounts above R\$ 45,000.00 but lower than R\$ 100,000.00 are classified as of medium importance; (iv) Consolidated amounts above R\$ 100,000.00 are classified as highly relevant.

1.2.1 Classification of federal infractions.

Consolidated amount of the fines	Assessment	Rating
Up to R\$ 12.000,00	Negligible	
From R\$ 12.001,00 to R\$ 45.000,00	Low relevance	
From R\$ 45.001,00 to R\$ 100.000,00	Medium relevance	
Above R\$ 100.000,00	High relevance	

1.2.2 Environmental embargoes

Description: Environmental embargoes are administrative decisions to suspend a certain activity considered harmful to the environment. The embargoes are imposed by the competent environmental agency as an accessory measure to the assessment of an infraction.

In Brazil we have federal and state embargoes. The federal embargoes are applied by the federal environmental agency (Brazilian Institute of Environment - Ibama). State embargoes are applied by state authorities. Federal embargoes can be consulted in a system maintained by Ibama, which indicates, among other data, the location of the embargo, the nature of the infraction to which it refers, and the procedural situation. State embargoes are not always organized in a systematic and easily accessible state system.

Verifications: In the process of due diligence of the BVRio we verify if there are federal embargoes affecting the activities of the company and, to the extent that the data are available, state embargoes. In this evaluation, we classify the federal embargoes according to their severity and pertinence, considering the typology of the infraction and the temporal factor.

Regarding pertinence, we sought to identify which embargoes should be considered in the analysis of the logging activity. Two relevance criteria are considered. First, we consider only the embargoes directly related to the establishment analysed⁷. Next, we apply a temporal criterion of pertinence⁸.

⁶ The fines are weighted in two steps. Initially an attenuation factor is applied and then an amortization of the attenuated values. The mitigation affects the weight that a fine applied in the past will have in the years following the infraction notice. A fine imposed in 2012 will be reduced by 1/4 of its value in 2013, 1/16 of its value in 2014, and so on. The amounts of the fines each year are added to the values of the attenuations of previous years. On the result an exponential amortization is applied, so that the value of fines (including their amortizations) in the previous year ("year-1") is 50%, in "year-2" they have a weight of 25%, in "year-3" they have a weight of 12.5% and so on.





⁷ It is important to note that an environmental embargo refers to a specific establishment of a company (a branch, a yard, a forest management, a sawmill) and may include company access to official GF / DOF systems. Thus, embargoes affecting other sites of the same company are not considered at this stage of the review (but are considered in the analysis of the track record of the parties involved, as described in the corresponding section of this document).

⁸ Thus, we consider that (i) embargoes applied prior to the issuance of AUTEK (ie, prior to the logging activities authorised in the AUTEK under analysis), or (ii) embargoes imposed more than 3 years after the expiration of AUTEK, are not related to

Once the embargoes have been identified as relevant, we classify the severity of the embargo with respect to the company's activities. In this sense, we classify the embargo according to its nature (embargoes related to the company's logging activity and environmental embargoes of another nature, such as related to fauna, pollutants, etc.).

In the case of embargoes related to the timber sector, they are in principle classified as highly relevant (Red status). This rating is mitigated over time⁹.

1.2.2 Classification of the federal environmental embargoes.

Case	Assessment	Rating
No embargoes; timber-related embargoes applied more than 10 years ago; or non-timber embargoes applied more than 3 years ago.	Negligible	
Timber-related embargoes applied more than 5 years ago; or non-timber embargoes applied less than 3 years ago.	Low relevance	
Timber-related embargoes applied more than 3 years ago.	Medium relevance	
Timber-related embargoes applied less than 3 years ago.	High relevance	


1.2.3 Infractions related to the use of slave labour.

Description: This category includes companies that have been assessed for using labour in conditions considered analogous to slave labour. These assessments are formalized administratively by the competent body of the Ministry of Labour.

Analyses carried out: In the process of due diligence BVRio verifies if there are infraction notices for the use of slave labour in the activities of the company in analysis. In this sense, we only consider the infraction notices directly related to the operational site analysed¹⁰. Next, we apply a temporal criterion of pertinence¹¹.

The infractions considered pertinent are classified as highly relevant (Red status). This rating is mitigated over time. Thus, after 3 years of the infraction notice, the severity rating is reduced in one level (it changes to Orange). After 5 years it is reduced to Yellow and, finally, after 10 years it is reduced to Green (negligible).

1.2.3 Classification of the infractions for the use of slave labour.

Case	Assessment	Rating
No infraction notices; infraction notices applied more than 10 years ago.	Negligible	

the activity object of AUTEX in analysis. It should be noted embargoes imposed prior to the issuance of the AUTEX or 3 years after its expiration may affect other AUTEX of the same establishment and will be considered in another stage of due diligence.

⁹ Thus, after 3 years of the imposition of the embargo, a level is reduced in its classification of gravity (it changes to orange). After 5 years it passes to yellow and, finally, after 10 years it passes to green classification (negligible). In the case of embargoes not related to the timber sector, they are initially considered light (yellow status), applying the mitigation criterion above.

¹⁰ The infraction notices for the use of slave labour may refer to a specific site of a company (a branch, a yard, a forest management, a sawmill) or the company headquarters. Thus, an infraction notice affecting other sites of the same company are not considered at this stage of the analysis (but are considered in the analysis of the track record of the parties involved, as described in the corresponding section of this document).

¹¹ Thus, we consider that the infraction notices applied prior to the issuance of a AUTEX (ie, prior to the activities provided for in the AUTEX under analysis), nor the infraction notices applied more than 3 years after the expiration of the AUTEX are not relevant at this stage of the analysis (as we consider that such infractions are not related to the logging activity object of AUTEX in analysis). However, infraction notices applied before the issuance of the AUTEX or 3 years after its expiration, may affect other AUTEX of the same establishment and will be considered in another stage of due diligence).

Infraction notices applied more than 5 years ago.	Low relevance	
Infraction notices applied more than 3 years ago.	Medium relevance	
Infraction notices applied less than 3 years ago.	High relevance	

2. Analysis of the Complementary Risk Indicators (Complementary KRI)

In addition to the primary risk indicators, resulting directly from documents and official information from government agencies (analysis of legal documents and of official lists of infractions and embargoes), risk indicators resulting from complementary analyses of governmental and non-governmental data are also considered (Complementary Risk Indicators, or Complementary KRIs). The complementary risk indicators are the result of satellite image analyses (2.1) statistical analyses (2.2) and analyses of the track record of the involved parties (2.3).

2.1 Geospatial analyses (satellite images).



The risk indicators (KRI) resulting from complementary analyses based on satellite images currently include (2.1.1) verification of the location and boundaries of the management area; and (2.1.2) analyses of forest exploitation activities.

2.1.1 Location of the management area (overlap with conservation units and indigenous and traditional people land).

Description: Sustainable forest management can be authorised on private land or in public areas, in the form of a forest concession. When forest management is authorised in a private area, its location should be verified to identify if there is no overlap with conservation units, indigenous lands and traditional communities areas.

Verifications: In the states of Pará and Mato Grosso, the authorisation is accompanied by a georeferenced polygon describing the area where the logging operations should be carried out. In these states, an overlap analysis is performed through geospatial processing of the AUTEK polygons, comparing them with the official polygons of protected areas, indigenous lands and traditional communities areas. Any irregular overlap represents a red status.

2.1.1 Classification of overlaps

Risk indicator	Assessment	Rating
Overlap with conservation units, indigenous lands and traditional communities areas	No Overlap	
	Overlap	

2.1.2 Analysis of the logging activities (satellite images)

Description: Through satellite image analysis it is possible to identify signs of irregular logging operations in the areas of forest management. In the process of the due diligence BVRio uses geospatial analyses carried out by a variety of institutions. These institutions use images from different satellites, applying different methodologies, evidencing cases of deforestation, degradation, loss of forest cover and illegal logging. Details on the methodologies adopted in each of these analyses are available on the websites of the respective institutions¹².

¹² SAD-deforestation and SAD-degradation, both carried out by Imazon (www.imazongeo.org.br), also available at GFW / WRI (www.globalforestwatch.org). Tree cover loss analysis conducted by the University of Maryland, also available at GFW /

Verifications: In the process of due diligence BVRio uses the geospatial analyses mentioned above to verify if there are indications of irregular activities in the management plans.

In particular, through the cross-checking of geospatial analyses with the AUTEX polygons, the terms of the logging permits and the forest situation before and after the authorised logging period, it is sought to identify whether there is evidence of (i) deforestation or forest degradation; (ii) exploration prior to the logging permit date ; or (iii) sub-exploitation of the area after the authorised period. Any of these situations indicate irregularity in the operations.

If there is any irregular activity related to the logging permit (identified by cross-checking the georeferenced data), we consider the status as Red.

2.1.2 Classification of the logging activity (satellite images).

Risk indicator	Assessment	Rating
Coherence of the logging activities.	Coherent	✓
	Incompatible	✗

2.2 Statistical Analyses

The risk indicators resulting from complementary analyses based on data cross-checks and statistical analyses currently include the consistency analysis of approved volumes in the operating authorizations.

2.2.1 Approved volumes in the Logging Permits (AUTEX)

Description: The logging permit (Authorisation for Forest Exploration, called AUTEX, or AUTEF in the State of Pará) is the document authorising the timber logging in forest management areas. This document indicates, among other information, the species authorised for logging and the respective volumes¹³. A AUTEX authorizing the extraction of high volumes of valuable species is indicative of possible fraud.

If the logging permit approves the exploitation of higher volumes than the volumes actually existing in the logging area, the excess volumes may be used to "launder" illegally harvested timber.

Verifications: In the due diligence process we analyse the volumes of valuable species authorized in a AUTEX to identify possible frauds. The verification of the volumes is done in 13 species¹⁴. The evaluation of the coherence of volumes of valuable species is made for each one of these species, based on the averages observed in the set of logging permits and statistical and probabilistic analyses developed by BVRio. To calculate the averages of volumes used in this analysis we considered approximately four thousand AUTEX approved in the states of Mato Grosso and Pará since 2006.

In the analysis of a specific AUTEX, we compare the volumes approved for each of the most valuable species with the averages observed for such species in the other AUTEX.





WRI. Analysis of illegal logging, carried out by ICV (www.icv.org.br) and Imazon, based on Simex methodology developed by Imazon (www.imazon.org.br).

¹³ In Mato Grosso state, this information is contained in a document called CLCF - Forest Credits Release, which accompanies the AUTEX.

¹⁴ The current list of valuable species is composed of Ipê, Itauba, Jatobá, Cumaru, Maçaranduba, Red Angelim (red Sucupira), Angelim-pedra, Muiracatiara (Tiger Wood), Breu (Amescla, Carano), Sucupira, Garapa, Jequitiba and Cambara.

If the volume approved in a AUTEX, for any of the analysed species, is below the average plus a standard deviation, the volume shall be considered "consistent" (and AUTEX shall be classified as "green"). Between one and two standard deviations above the average, the analysis will be considered "inconclusive" (and AUTEX will be classified as "yellow"). Between two and three standard deviations above the average, the volume will be considered "questionable" (and AUTEX will be classified as "orange"). Above three standard deviations above the average, the volume will be considered "incompatible" (and the rating will be red).

2.2.1 Classification of the logging permit based on the authorised volumes.

Risk Indicator	Assessment	Rating
Coherence of the volume of the most valuable species.	Coherent	
	Inconclusive	
	Questionable	
	Incompatible	

2.3 Track record of the involved parties.

Description: In addition to the specific analysis of a site (a forest management unit, a sawmill, a warehouse), a verification of the track record of the parties involved in the logging activity is made.

Verifications: In BVRio due diligence process, the evaluation of the track record of the parties involved is done based on governmental databases and other internal analyses of BVRio. Any incidents identified for an actor are evaluated and weighted considering criteria such as severity, relevance, frequency and time. The actors are then ranked in four categories (green, yellow, orange and red), which indicate, respectively, actors whose track record does not present relevant risk indicators, or whose risk indicators are low, medium or high relevance. The evaluation of the track record of the parties involved includes, when applicable, the technical manager of the logging operations (2.3.1), the holder of the logging operation (2.3.2) and the company that operates in the forest chain (be it in sawmill or in the trading activities) (2.3.3).

2.3.1 Track record of the technical manager of the logging operations

Description: Due to its attributions and responsibilities, the Technical Manager of the logging operations plays a central role in planning, approving and exploring the forest operations. The analysis of the set of AUTEX in which the Technical Manager acted may reveal patterns, positive or negative, that may be repeated in other AUTEX. In this sense, when analysing a specific AUTEX, the track record of the Technical Manager should be considered as an important indicator of risk.

Verifications: In the due diligence, the evaluation of the track record of the Technical Manager results from the analysis of all other AUTEX in which the Technical Manager has acted. The track record of the Technical Manager will only be evaluated if he/she has acted in at least two AUTEXs registered in the system. In order rate the track record of the Technical Manager, we analyse transversally each one of the risk indicators of the set of AUTEX in which the Technical Manager acted.

All incidents identified are evaluated and weighted considering criteria such as severity, pertinence, frequency and time. The Technical Managers are then ranked in four categories (green, yellow, orange and red), which indicate, respectively, Managers whose history does not present relevant risk indicators, or whose risk indicators are of low, medium or high relevance.

In this way, we initially gather all the environmental infraction notices and embargoes applied to the AUTEX in which the Technical Manager acted and we apply a discount criteria (as described in the analysis of environmental infractions and embargoes section of this document). It results in the rating for the infractions and embargoes (green, yellow, orange or red), which are the primary risk indicators considered for the evaluation of the Technical Manager.

Next, we identify the profile of the Technical Manager in respect to the volume of valuable species. In this sense, we analyse how this risk indicator was evaluated in all other AUTEX in which the Technical Manager acted. These evaluations are weighted according to the time elapsed since the issuance of each of those AUTEX, and we rate the risk in relation to this criterion¹⁵. The same procedure is applied to the geospatial analyses of the AUTEX in which the Technical Manager acted, also resulting in a level of risk for the indicator of geospatial analysis. After these steps, we have the risk levels for each of the complementary risk indicators.

After the evaluation of each of the risk indicators taken separately, a consolidation of the obtained rates is made, resulting in a single rating for the track record of the Technical Manager. This consolidation of the various risk indicators in a single rating is based on the most severe primary risk indicator, which may be aggravated by the complementary risk indicators, as described in the table below:

2.3.1 Calculation of the rating of the Track Record of the Technical Manager.

Higher Risk level observed for the Primary Risk Indicators	+	Complementary Risk Indicators	=	Rating of the Track Record of the party
	+	-	=	
	+		=	
	+	 	=	
	+	 	=	
	+		=	
	+	 	=	
	+	 	=	
	+	 	=	
	+		=	
	+	 	=	
	+		=	

¹⁵ For each AUTEX in which the Technical Manager acted, we calculate a rate in relation to volumes, assigning 0 points to AUTEX with coherent volume (green), 5 points for AUTEX with inconclusive volume (yellow), 10 points for AUTEX with questionable volume (Orange) and 15 points for those with incompatible volumes (red). The average of these points will be attributed to the respective AUTEX year. Then we apply an annual discount of 20% on the points, we add the points of every year and we calculate the risk. If the number of points is less than 25, the risk will be considered negligible (green); between 26 and 50 points, the risk will be considered low (yellow); between 51 and 80 points, the risk will be considered medium (orange); Above 80 points, the risk will be considered high (red).

	+	! !	=	
✓	+	!	=	✓

2.3.2. Track record of the holder of the logging operations

Description: The analysis of the set of AUTEX in which the Holder of a logging permit has previously acted may reveal patterns, positive or negative, that may be repeated in other AUTEX held by this Holder. In this sense, when analysing a specific AUTEX, the track record of the Holder should be considered as an important indicator of risk.

Verifications: In the due diligence, the evaluation of the track record of the Holder of the logging permit results from the analysis of all other AUTEX held by such Holder. The track record of the Holder will only be evaluated if he/she has acted in at least two AUTEXs registered in the system. In order to rate the track record of the Holder, we analyse transversally each one of the risk indicators of all other AUTEX held by the Holder. The methodology adopted is the same as the one described for the analysis of the track record of the Technical Manager. In the consolidation of the rating of the Holder, as described in the table above, the track record of the Technical Manager shall be considered as a complementary risk indicator.

2.3.3. Track record of other actors

The assessment of the track record of actors involved in a logging operation, other than Holders and Technical Managers, is made fundamentally based on the environmental infractions and embargoes identified. In this case, the methodology described in section 2 of Part I of this document applies.






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Annex 1 – Classification of the Key Risk Indicators (summary table)






1. Primary Risk Indicators

1.1. Analysis of Documents

1.1.1 Logging Permit (AUTEF/AUTEX).


Risk indicator	Assessment	Rating
Existence and authenticity of the document	Confirmed	
	Not Confirmed	
Validity (status) of the permit. For the purposes of the analysis of a GF/DOF, the status “Valid” and “Expired” are related to the date of the issuance of the GF/DOF. If a GF/DOF issued after 90 days after the expire date of the AUTEX/AUTEF, it will be scored as Orange; The “Suspended” status refers to the date of the consultation.	Valid	
	Expired	
	Suspended	

1.1.2 Environmental License.





Risk indicator	Assessment	Rating
Existence and authenticity of the document	Confirmed	
	Not Confirmed	
Validity (status) of the license. For the purposes of the analysis of a GF/DOF, the status “Valid” and “Expired” are related to the date of the issuance of the GF/DOF. If a GF/DOF is issued after 90 days after the expire date of the license, it will be scored as Orange; The “Suspended” status refers to the date of the consultation.	Valid	
	Expired	
	Suspended	

1.2. Infractions and Embargoes





1.2.1 Classification of federal infractions.

Consolidated amount of the fines	Assessment	Rating
Up to R\$ 12.000,00	Negligible	
From R\$ 12.001,00 to R\$ 45.000,00	Low relevance	
From R\$ 45.001,00 to R\$ 100.000,00	Medium relevance	
Above R\$ 100.000,00	High relevance	

1.2.2 Classification of the federal environmental embargoes.

Case	Assessment	Rating
No embargoes; timber-related embargoes applied more than 10 years ago; or non-timber embargoes applied more than 3 years ago.	Negligible	
Timber-related embargoes applied more than 5 years ago; or non-timber embargoes applied less than 3 years ago.	Low relevance	
Timber-related embargoes applied more than 3 years ago.	Medium relevance	
Timber-related embargoes applied less than 3 years ago.	High relevance	

1.2.4 Classification of the infractions for the use of slave labour.

Case	Assessment	Rating
No infraction notices; infraction notices applied more than 10 years ago.	Negligible	
Infraction notices applied more than 5 years ago.	Low relevance	
Infraction notices applied more than 3 years ago.	Medium relevance	
Infraction notices applied less than 3 years ago.	High relevance	

1.2.4 Classification of state infractions.

Risk indicator	Assessment	Rating
Timber-related infraction notices.	None	
	Yes	

1.2.5 Classification of State Embargoes

Risk indicator	Assessment	Rating
State Embargoes	None	✓
	Yes	✗

2. Complementary Risk Indicators.

2.1 Geospatial analyses (satellite images).

2.1.1 Classification of overlaps.

Risk indicator	Assessment	Rating
Overlap with conservation units, indigenous lands and traditional communities areas	No Overlap	✓
	Overlap	✗

2.1.2 Classification of the logging activity (satellite images).

Risk indicator	Assessment	Rating
Coherence of the logging activities.	Coherent	✓
	Incompatible	✗

2.2 Statistical Analyses

2.2.1 Classification of the logging permit based on the authorised volumes.

Risk Indicator	Assessment	Rating
Coherence of the volume of the most valuable species.	Coherent	✓
	Inconclusive	⚠
	Questionable	⚠
	Incompatible	✗

2.3 Track record of the involved parties.

2.3 Calculation of the rating of the Track Record of the parties.

Higher Risk level observed for the Primary Risk Indicators	+	Complementary Risk Indicators	=	Rating of the Track Record of the party
✗	+	-	=	✗
⚠	+	✗	=	✗
⚠	+	✗ ✗	=	✗
	+	✗ ⚠	=	
⚠	+	✗	=	⚠
	+	⚠ ⚠	=	
	+	⚠ ⚠	=	
✓	+	✗ ✗	=	✗
	+	✗	=	
✓	+	⚠ ⚠	=	⚠
	+	⚠ ⚠	=	
✓	+	⚠	=	⚠
	+	⚠ ⚠	=	
✓	+	⚠	=	✓

Annex 2 – Available information, per state.

The due diligence carried out by BVRio depends to a large extent on information made publicly available by official bodies. The information publicly available varies from state to state, and for this reason the details of the analyses also varies according to the state of origin of the wood. The following table shows the main differences depending on the state.

Analyses and documentation available, per state.

		Pará	Mato Grosso	Other states
1.	Primary Risk Indicators			
1.1	Analysis of documents			
1.1.1	Logging Permit (Autef/Autex).	✓	✓	✓ ⁽¹⁾
1.1.2	Environmental license.	✓	✓	✓ ⁽¹⁾
1.2	Infractions and Embargoe			
1.2.1	Federal infractions (Ibama).	✓	✓	✓
1.2.2	Federal embargoes (Ibama).	✓	✓	✓
1.2.3	Slave labour (MTE).	✓	✓	✓
1.2.4	State infractions.	–	✓	–
1.2.5	State embargoes.	✓	–	–
2.	Complementary Risk Indicators			
2.1	Geospatial analyses (satellite images)			
2.1.1	Overlap with conservation units and indigenous and traditional people land.	✓	✓	✓ ⁽¹⁾
2.1.2	Coherence of the logging activities.	✓	✓	✓ ⁽¹⁾
2.2	Statistical Analyses			
2.2.1	Coherence of the volume of valuable species.	✓	✓	✓ ⁽¹⁾
2.3	Track record of the involved parties.	✓	✓	✓ ⁽¹⁾

Nota (1): Conditional on the availability of the basic documents by the parties involved and the information available in the competent state bodies.