

PROJECT REVIEW REPORT

This document tracks the findings raised in Verra’s review of the project specified below. The VVB must address the findings before the project request can be considered by Verra for approval. The document will be made publicly available on the Verra Registry. Confidential information may be provided as separate attachments.

Review Type	Verification
Project ID	2469
Project Name	Afforestation and restoration of degraded forests in Eastern Paraguay or Forestal Azul Carbon Project
Program(s)	VCS
Verification Period	01-January-2021 to 30-September-2022
Project Proponent	Forestal Azul S.A
Methodology	CDM methodology: AR-ACM0003 “AR Large scale -Afforestation and reforestation of lands except wetlands”, version 2
VVB	TÜV SUD South Asia Private Limited
Assessment Criteria	VCS Standard Version 4.4
Date of First Issue	18 MARCH 2024
Review Conclusion	Approved
Date of Final Issue	17 April 2024

#	Finding Description	VVB Response	Status
1	Missing PD deviation on the new project area delineation		
	<u>Issue</u> It is clear the 7-ha reduction in total net production area results from the use of higher resolution remote sensing data. However, the change corresponds to an adjustment of the project area delineation and should be reported and assessed as a PD deviation. <u>Action Required</u> The VVB must ensure that the change in total net production (i.e., adjustment of the project area) is reported and assessed as a PD deviation. <u>Program Rule(s)</u> VCS Standard v4.4, Section 3.2.21	Round 1 <u>VVB Response:</u> The PP has included the difference of area as a PD deviation and provided kml and inventory data that confirm the existence and development of 1,300 ha. This has also been assessed in the field by the VVB and found to be acceptable. <u>Verra Response</u> The change in total net production (i.e., adjustment of the project area) is now reported and assessed as a PD deviation. This finding is closed, and no further action is required.	Closed

2	Clarification needed on the interviews		
	<u>Issue</u> Paso Tuna and Costa Pucu communities are not listed in the stakeholders interviewed by the VVB while they are identified in the PD as likely impacted by the project activities. <u>Action</u> 1. The VVB must provide clarification on how they concluded the absence of negative impact to Paso Tuna and Costa Pucu communities without interviewing them as part of the verification process. 2. The VVB must update Section 2.3 of the Verification Report accordingly.	Round 1 <u>VVB Response:</u> Part of the stakeholders interviewed presented in the VR come from local communities. This is now indicated in the VR. The communities are impacted mainly positively through job creation. Their land is not affected by the project. In addition, the VVB interviewed the social liaison officer of the Company and evaluated the Company's records of stakeholder engagement. In December 2023 the Company showed proof of a job satisfaction interview carried out by	Closed

	<u>Program Rule(s)</u> VCS Standard v4.4, Section 3.18.6	interviewing 70 staff (including sub-contracted staff), encompassing 16 people from Paso Tuna, 13 from Yvyra Petei and 5 from Costa Puku. Job satisfaction was high. <u>Verra Response</u> Section 2.3 of the Verification Report has been updated to clarify that no negative impacts are expected from the project on communities and that communities members from Paso Tuna and Costa Pucu who are employed by the project were interviewed. However, form the VVB response, it is not clear what “stakeholders interviewed were XY” mean, in the context of the project. Round 2 The VVB is required to provide clarification as to what “stakeholders interviewed were XY” mean, in the context of the project. <u>VVB Response:</u> It was a typo error to mention “Stakeholders interviewed were XY”. Please consider below response to the comment: Part of the stakeholders interviewed presented in the VR come from local communities. This is now indicated in the VR. The communities are impacted mainly positively through job creation. Their land is not affected by the project. In addition, the VVB interviewed the social liaison officer of the Company and evaluated the Company’s records of stakeholder engagement. In December 2023 the Company showed proof of a job satisfaction interview carried out by interviewing 70 staff (including sub-contracted staff), encompassing 16 people from Paso Tuna, 13 from Yvyra	
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		Petei and 5 from Costa Puku. Job satisfaction was high. <u>Verra Response</u> The typo error has been corrected and this finding is closed and no further action is required.	
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3	Missing verification opinion		
	<u>Issue</u> Section 5 of the VR does not contain the verification opinion from the VVB. <u>Action</u> The VVB must update the VR to provide the final verification opinion in the Verification Report. <u>Program Rule(s)</u> VCS Standard v4.4, Section 4.1.23	Round 1 <u>VVB Response:</u> Section 5 of the verification report has been accordingly updated with the final verification opinion of the VVB. The VVB considers the following: Based on the documented evidence and corroborated by an on-site assessment, TÜV SÜD can confirm that: 1. The project has been implemented and operated as per the validated PDMR, 2. The monitoring plan in the registered PDMR is as per the applied baseline and monitoring methodology. 3. The monitoring report and other supporting documents provided are complete and verifiable and in accordance with the applicable VCS requirements and 4. Level of assurance on the quantity of GHG emission removal in tCO₂ equivalents achieved by the project during the verification period as provided in the project's GHG statement is reasonable. The GHG removals by sink were calculated correctly on the basis of the approved monitoring methodology AR-ACM0003 "Afforestation and reforestation of lands except wetlands", version 02.0 and the monitoring plan in the validated PDMR. The text written above has been included as part of Section 5, as well as the verified GHG emission reductions and	Closed

		removals in the verification period, broken down by calendar year as required. <u>Verra Response</u> Section 5 of the VR has been updated to provide verification opinion of the VVB. This finding is closed, and no further action is required.	

4	Inconsistent reporting of the NPR score		
	<u>Issue</u> In Section 4.6 (page #43) of the verification, the VVB states that the “audit team concludes that the applied risk score of 15% is adequate for the project activity” yet the overall risk score in the NPRR is 12%. <u>Action</u> The VVB must ensure that NPR score is consistently reported throughout the verification report. <u>Program Rule(s)</u> VCS Verification Report v4.2, Section 4.6	Round 1 <u>VVB Response:</u> Section 4.6 of the VR presents the evaluation of each section of the NPRR and was inconsistent with the NPRR. The risk score presented in the NPRR is the correct one. The values of these individual tables in the VR and evaluation were corrected. The typo at the end of the section that had 15% written has been updated as follows: Thus, the audit team concludes that the applied risk score of 12% is adequate for the project activity. <u>Verra Response</u> The NPR score is now consistently reported throughout the verification report. This finding is closed, and no further action is required.	Closed