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	Registration & 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	01/06/2018 to 31/12/2020 (including both days)
Project Proponent	Forestal Azul S.A
Methodology	Approved CDM methodology: AR-ACM0003 "AR Large scale -Afforestation and reforestation of lands except wetlands", version 2
VVB	TÜV NORD CERT GmbH
Assessment Criteria	VCS Version 4.2
Date of First Issue	26 July 2022
Review Conclusion	Approved
Date of Final Issue	15 March 2023

FINDINGS

#	Description	Response	Status
1	**Insufficient evidence to demonstrate how the permanence of carbon stock will be maintained** **Issue:** Section 1.1 of the PD provides insufficient information to demonstrate how carbon stocks will be maintained “after one quality timber rotation (estimated at 15 years).” **Action items:** A. The VVB must ensure the project proponent updates Section 1.1 of the joint PD/MR to demonstrate how carbon stocks will be maintained “after one quality timber rotation (estimated at 15 years).” B. The VVB must ensure the project proponent updates Section 1.1 of the joint PD/MR to clarify if they are any “management systems to ensure the carbon against which VCUs are issued is not lost during a final cut with no subsequent replanting or regeneration.” C. The VVB must assess the updated joint PD/MR and update Section 3.1 of the Joint VVR to demonstrate how it assessed how the permanence of the carbon stock will be maintained. **Program rule(s):** *VCS Standard v4.2*, Section 3.2.10; VCS Joint Project Description & Monitoring Report Template v4,0, Section 1.1	**Round1**: **VVB Response:** According to the Shareholder Agreement, the investment into Forestal Azul is secured for at least 15 years, with possibility for continuation. Even if an exit is realized, the longevity of the project is secured due to: - Re-planting occurs immediately after harvesting (evidenced in the Business Plan). The production cycle of the plantations is between 10 and 12 years, meaning by the time of sale to a potential buyer, plantations are fully stocked and between 1-5 years of age. Consequently the plantations will be existent for minimum 2 x 10 years (or even 2 x 12 years).Therefore, the conversion of these forests by the buyer is extremely unlikely. The financial analysis shows that forestry is competitive vis-à-vis the most common land uses in the region, meaning cattle or agriculture. The expectation is a developing market and rising prices for timber in the future. **Verra Review:** The explanation provided and the updates are sufficient to demonstrate compliance with Section 3.2.10 of VCS Standard, v4.2. However, this finding cannot be closed. **Round 2:** **Issue** The Non-Permanence Risk Report (NPRR) does not demonstrate the 50 years of longevity used to calculate the	Closed

risk rating score in accordance with Section 2.2.4 of the *AFOLU Non-Permanence Risk Tool v4.0*.

Action items:

(1) The VVB must ensure the project proponent demonstrates the project longevity in accordance with Section 2.2.4 of the *AFOLU Non-Permanence Risk Tool v4.0* and provides:
   a. Evidence that project ownership can be maintained for the entire project's longevity.
   b. Evidence that management and financial plans exist for the entire project's longevity.
   c. Evidence that activities that maintain carbon stocks will continue for the entire longevity, either through the continuation of the project activity or by replanting or re-growth of the trees after the last harvest in the project crediting period.

(2) The VVB must assess the updates and ensure the pieces of evidence provided are of the types listed in Section 2.2.4 (3) and (4). The VVB must revise the joint validation and verification report accordingly.

Program rule:

AFOLU Non-Permanence Risk Tool v4.0; Section 2.2.4

VVB Response:

The PP has shown a Business Plan with full capitalization for 2 cycles of forestry, meaning for at least 30 years since 2018. Also, the PP has shown that there is a high likelihood the project will continue after one rotation under the same investment and management structure, according to the Shareholder Agreement with the investor. Therefore, the PP has changed its risk rating to cover for 30 years of ensured longevity.

Verra Review:

		The project longevity has now been demonstrated in accordance with Section 2.2.4 of the *AFOLU Non-Permanence Risk Tool v4.0* and this finding is closed.	
2	**Insufficient evidence to demonstrate activity type eligibility under the AFOLU project category** **Issue:** Information provided in Section 1.11 of the joint PD/MR is insufficient to demonstrate that enrichment planting is an eligible project activity under the ARR project category. **Action items:** A. The VVB must ensure the project proponent updates Section 1.11 of the joint PD/MR to demonstrate how enrichment planting is an eligible project activity under the ARR project category. B. The VVB must describe how it validated, against objective evidence, that enrichment planting is an eligible project activity under the ARR project category. **Program rule(s):** *VCS Standard v4.2*, Appendix A1.1; VCS Joint Project Description & Monitoring Report Template v4,0, Section 1.11	**Round1**: VVB Response: A. Enrichment planting has not been included as an active component for carbon sequestration for this project yet. It has been included as an optional component as “new instance” in case that a VERRA approved methodology will be in place that allows the enrichment planting techniques that allow e.g. the clearing of clearly defined areas in order to re-establish a healthy forest. I.e., with the methodologies currently available under VERRA, the innovative concept of enrichment planting that is approved by the host country cannot be introduced. Nevertheless, it is a fundamental component of Forestal Azul. Enrichment planting is a novel component with potentially high positive environmental/biodiversity impacts. The implementation is associated to significant financial risks. Any potential upside by the carbon component will strengthen the Company’s viability and reduce the financial risks of introducing new concepts to foster forest restoration through private investments. B. To address the above, the VVB issued an FAR (ID 1). Verra Review: The explanation provided and the FAR raised are sufficient to close this finding. No further action is required.	Closed
3	**Missing information on the interview process** **Issue:**	**Round1**: VVB Response:	Closed

	It is not clear how the VVB carried out the interview process and the personnel were identified. **Action item:** A. The VVB must update Section 2.3 of the Joint VVR and provide a description of the interview process, that is, how the interviews were conducted. **Program rules:** VCS Joint Validation/Verification Report v4,0, Section 2.3	A. Verra Review: The selection of interviewees was both structured and random. For example, technical interviewees were purposively selected to verify the information provided to PDD. Field staff, employees, and affected neighbors and residents, if any, were randomly selected without informing the PP in advance to obtain unbiased and authentic information and to verify the information provided. Respective information was added to the VVR. Verra Review: The selection of interviewees is now provided, and no further action is required.	
4	**Insufficient evidence to justify the use of non-native species over native species** **Issue:** There is no justification provided for the use of non-native species over native species. **Action items:** A. The VVB must ensure the project proponent updates Section 1.11 of the joint PD/MR to justify the use of non-native species over native species, explaining the possible adverse effects of non-native species. B. The VVB must assess the updated joint PD/MR and update Section 3.1 of the Joint VVR as needed. **Program rules:** *VCS Standard v4.2*, Section 3.17.16 (2); VCS Project Description & Monitoring Report Template v4,0, Section 1.11; VCS Joint Validation/Verification Report v4,0, Section 3.1	**Round1**: VVB Response: A. The project proponent has updated the Section 1.11 indicating the following: The main reason to select the non-native species indicated above is part of the necessity of the country to guarantee a sustainable timber source. Currently, the country consumes between 12-15 million m3 per year, mostly for energetic purposes source unsustainably from remaining natural forest. Therefore, sustainable sources for timber production are needed to reduce the pressure on natural forests. The potentially negative impacts derived from plantations are presented in chapter 2.3 Environmental Impact. In Paraguay, there is very limited research and experience using native species for timber production purposes in an open field. At the moment, the state of the art regarding silvicultural knowledge and the lack of availability of controlled genetic material still limits investments in this regard. Nevertheless, Forestal Azul is participating in the establishment of trials with	Closed

		native species to generate silvicultural knowledge and proof of concept. In 2021, around 15 ha of mix systems have been established. B. The VVB follows the argumentation of the PP and has added respective information to section 3.1 of the VVB Verra Review: Justification is now provided for the use of non-native species over native species and the possible effects explained in Section 2.3. This finding is closed.	
5	**Insufficient evidence to demonstrate No net harm** **Issue:** There are no risks and/mitigation measures mentioned for the use of Glyphosate **Action item:** A. The VVB must ensure the project proponent updates Section 2.1 of the joint PD/MR to include information on the risks associated with the use of Glyphosate and the mitigation measures to reduce these risks. B. The VVB must assess the updated joint PD/MR and update Section 3.3 of the Joint VVR as needed. **Program rules:** *VCS Standard v4.2*, Section 3.17.16 (2); VCS Project Description & Monitoring Report Template v4,0, Section 2.1; VCS Joint Validation/Verification Report v4,0, Section 3.3	Round1: VVB Response: B. The following text has been included in the PDD to date, all commercial forest plantations are still dependent to a certain degree on using herbicides. Weed control is particularly important in the first year of plantation establishment to ensure the survival of the trees. During this time, weed grows faster than implanted trees leading to strong competition and death of trees if left uncontrolled. There are several ways of controlling weeds. In Forestal Azul, chemical pesticide control with Glyphosate is used in combination with manual control and animals that control weeds in Silvopastoral systems. Around 4-10liter / ha are employed for a whole forestry cycle (12 years), usually all in the first two years (2-3 applications per year). After year 3, herbicides are discontinued or used very punctually. It should be noted that forest plantations are replacing previous uses where glyphosate use is more intense. In the first instance, 56% of plantations are	Closed

		established on areas previously used for intensive agriculture that require around 15 l/ha/year (in total over 12 years 180 l/ha) and 44 % replacing traditional cattle systems where the use of herbicides is roughly the same as in forestry when considering the whole forestry cycle. Therefore, overall, the net environmental impact of forest plantations is strongly positive, reducing the use of Glyphosate significantly. Regarding risk mitigation, all pesticides are managed according to best practice, and they are used specifically and following health and safety standards and environmental mitigation measures. This is also controlled during annual FSC audits. A. The VVB follows the argumentation of the PP and has added respective information to section 3.1 of the VVB Verra Review: The risks and/mitigation measures for the use of Glyphosate have now been provided. This finding is closed.	
6	**Missing information on local stakeholder consultations** **<u>Issue:</u>** The project proponent did not include the following information: • The mechanism for on-going communication with local stakeholders. • How due account of all and any input received during the consultation has been taken. • All relevant laws and regulations covering workers' rights in the host country.	**Round1**: VVB Response: A. Regarding the mechanism for on-going communication, these are described in Section 2.2 (grievance mechanism, Community Liaison Officer, job satisfaction interview). Additional information regarding the results from 2021 have been included in the PDD and also additional documentation is included to support the information. All inputs received by stakeholders are introduced through the grievance mechanism and annual job satisfaction interviews (follow-up of stakeholder comments can be seen in the monitoring sheets	Closed

	• The process of VCS Program validation and verification and the validation/verification body's site visit. **Action items:** A. The VVB must ensure the project proponent updates Section 2.2 of the joint PD/MR to include all the information listed above that is missing. B. The VVB must assess the updated joint PD/MR and update Section 3.1 of the Joint VVR as needed. **Program rules:** *VCS Standard v4.2*, Section 3.17.16 (2); VCS Project Description & Monitoring Report Template v4,0, Section 2.2; VCS Joint Validation/Verification Report v4,0, Section 3.1	provided). There were no specific comments by stakeholders with regard to the carbon project. Relevant laws covering workers rights are upheld and compliance by service providers is monitored (such as social security, minimum wage). This could be verified in the validation audit. Stakeholders such as the project investors, project managers, and workers have been informed verbally about the carbon project, and during the validation audit, some of these stakeholders were interviewed by the auditors. In general, project stakeholders are used to audit processes due to the FSC audit. B. The VVB follows the argumentation of the PP and has added respective information to section 3.3 of the VVR Verra Review: Section 2.2 of the PD has now been updated with the missing information. This finding is closed.	
7	**Missing ERR calculation sheet(s); non-permanence risk report; and Long-Term Average calculation sheet(s)** **Issue:** The ERR calculation sheet(s), non-permanence risk report and Long-Term Average calculation sheet(s) were not provided **Action item:** The VVB must ensure the project proponent provides ERR calculation sheet(s), non-permanence risk report and Long-Term Average calculation sheet(s) for review. **Program rules:**	**Round1**: VVB Response: The documents have been reviewed during validation by the VVB. The PP did miss to upload them in the first place. Required documents have now been provided with this document. LTA calculation is included in the ERR calculation. Sheet "ex-ante summary" cell S64 and cell N34 or "Tables-VCS" cell AP37 and "ex-ante summary" AS37. Verra Review: The ERR calculation sheet(s), non-permanence risk report and Long-Term Average calculation sheet(s) have now been provided. This finding is closed.	Closed

8

Clarification needed on baseline emissions calculations

Issue"

It is unclear how the emissions from the trees removed were accounted for in the baseline emissions.

Action items:

A. The VVB must ensure the project proponent provides updates Section 4.1 of the joint PD/MR and justify why carbon stock in trees in the baseline are accounted as zero, yet the trees are going to be removed.
B. The VVB must assess the updated joint PD/MR and update Section 3.1 of the Joint VVR as needed.

Program rules:

VCS Project Description & Monitoring Report Template v4,0, Section 4.1; *AR Tool 14*, Section 5 (11a); VCS Joint Validation/Verification Report v4,0, Section 3.1

Round1:

VVB Response:

A. Bushes and shrubs are only removed before planting and according to the presented PDD, planting occurred in 2018, 2019 and 2020, years where baseline emissions have been included.

Year	Project year	Annual planted area (ha)	$C_{TREE_{BSL}}$ (t CO2e)	$C_{DW,i,t}$ and $C_{LI,i,t}$ trees (t CO2e)	Total Baseline emission (t CO2e)
2018	1	346	853	10	863
2019	2	647	1,452	17	1.468
2020	3	315	749	9	758
Total	-	1.307	3,054	35	3,089

After this period, no removal of trees will occur in these areas. No changes to Joint MR/PD necessary.

B. Respective information is provided in the PD/MR as well as in the VVR (' The pre-existing tree C stock of the Baseline tree carbon stock for agriculture and pasture is calculated using the formulas 20 and 21 from the AR-Tool14 applying the default parameters provide by the tool (carbon fraction, root-to-shoot ratio), results of the above-described assessment (%-canopy cover) and scientific data (Mean above-ground biomass in forest in the region or country).
Baseline tree and shrub carbon stock change are accounted as zero in compliance with section 5 of the AR-Tool 14 as all three conditions are met which could be confirmed during the onsite visit. '). Follow section 3.4.6 of the Joint VVR.

Verra Review:

The clarification provided on how emissions from the removed trees were accounted for in the baseline is sufficient to close this finding. No further action is required.

Closed

9	**Insufficient evidence to demonstrate correct application of CDM Tool 15** **Issue:** The information provided in Section 4.3 of the joint PD/MR is insufficient to demonstrate that CDM Tool 15 has been correctly applied. **Action items:** A. The VVB must ensure the project proponent provides updates Section 4.3 of the joint PD/MR and demonstrate that the conditions to account leakage emission attributable to the displacement of grazing activities as zero are met. B. The VVB must assess the updated joint PD/MR and update Section 4.1 of the Joint VVR as needed. **Program rules:** VCS Project Description & Monitoring Report Template v4,0, Section 4.3; *AR Tool 15*, Section 6 (9); VCS Joint Validation/Verification Report v4,0, Section 4.1	**Round1**: VVB Response: A. The project proponent has updated the section 4.3 of the PDD introduced more explanations as on leakage demonstrating that leakage can be considered as zero. B. The above mentioned could be confirmed via an interview with a neighboring rancher during the site visit. Further it shall be noted that husbandry is undertaken for beef production and not for dairy purposes, i.e. average lifetime of a cow is roughly about 18 months only. It can be confirmed by the VVB that no leakage occurred in the project. The leakage assessment in PD/MR is in compliance with TOOL 15. Verra Review: Section 4.3 of the joint PD/MR has been updated to demonstrate application of CDM Tool 15. This finding is closed.	Closed
10	**Missing information on assessment of risks** **Issue:** The VVB did not provide an assessment of risks to the project in Section 3.2.1 of the Joint VVR. **Action item:** The VVB must update Section 3.2.1 of the Joint VVR and provide an assessment of risks due to the implementation of the project. **Program rules:**	**Round1**: VVB Response: In the VVR template there is not section 3.2.1. and no further risk related sections other than 3.5. Please clarify what is requested. The non-permanence risk assessment can be found in section 3.5. Verra Review: No action is required. The requested information is provided in Section 3.3.5 of the Joint VVR. This finding can be closed.	Closed

	VCS Standard v4.2; Section 3.17.10; Joint Validation/Verification Report v4,0, Section 3.2.1		
11	**Project fulfillment of AR-TOOL02 applicability conditions not demonstrated** **Issue:** The PP did not demonstrate how the project how the project activity meets the applicability conditions for the combined tool to identify the baseline scenario and demonstrate additionality. **Action items:** A. The VVB must ensure the project proponent updates Section 3.2 of the PD/MR and demonstrate how the project activity meets the applicability conditions for the tool AR-TOOL02. B. The VVB must assess the updated joint PD/MR and update Section 3.4.2 of the Joint VVR as needed. **Program rules:** *VCS Joint Project Description and Monitoring Report Template v4,0, Section 3.2; VCS Joint Validation/Verification Report v4,0, Section 3.4*	**Round1**: VVB Response: A. The project proponent has updated the section 3.2 including the following: Applicability conditions of the tool 0002: “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities: - Forestation of the land within the proposed project boundary performed with or without being registered as the A/R CDM project activity shall not lead to violation of any applicable law even if the law is not enforced. – The project complies with all laws and regulations of the country of Paraguay as state in the chapter 2.1. - This tool is not applicable to small – scale afforestation and reforestation project activities – The project is not considered small scale afforestation. The tool used is the AR-ACM0003 A/R Large scale afforestation and reforestation of lands except wetlands. B. The VVB follows the argumentation of the PP and has added respective statement to section 3.4.2 of the VVR Verra Review: The PP has now demonstrated how the project how the project activity meets the applicability conditions for the combined tool to identify the baseline scenario and demonstrate additionality. This finding is closed.	Closed

12	**Long-term Average (LTA) not updated in ex-post calculations** **Issue:** In Section 6.5 of the joint PD/MR, the LTA has not been updated in the ex-post calculations. **Action items:** A. The VVB must ensure that the project proponent updates section 6.5 of the joint PD/MR to include an ex-post update of the LTA in the calculations. B. The VVB must assess the updated monitoring report and update Section 4.1 of the joint validation and verification report as needed. **Program rules:** *VCS Standard, v4.2*, Sections 3.2.22 (6)	**Round1:** VVB Response: A. LTA calculations are not possible to do in ex-post since the LTA has still not been reached: When considering all strata, the total net CO_2 fixation over time when reaching LTA is equal to 288,047 tCO_2 (216,567 tCO_2 when reducing risk buffer) . In the first instance, only about 30,933 (26,602 tCO_2e when reducing risk buffer) tCO_2 are reached (10.7 %). LTA according to the calculations presented in the section 4.2 of the PDD will be reached once the total biomass of the plantation reach 164 tCO_2/ha in the case of 500 trees / ha, 190 tCO_2/ha for plantations with 714 trees / ha and 213 tCO_2/ha for plantations with 1,000 trees/ha. These values will not be reached until at least year 5. Currently the verification shows total net project emission removals of 30,933 tCO_2 for an area of 345 ha planted in 2018 and 647 ha planted in 2019, which shows an average of tCO_2/ha lower than 34 tCO_2. B. Section 6.5 of the PD/MR respectively Section 4.1 of the VVR have been updated accordingly including respective information. **Verra Review:** It is incorrect to state that “LTA calculations are not possible to do in ex-post since the LTA has still not been reached”. The explanation provided and the updates are not sufficient to demonstrate that LTA has been calculated using the monitored	Closed

data and applying the appropriate equation. This finding cannot be closed.

Round 2:

Issue:

In Section 4,2 of the joint PD/MR and in the associated calculation spreadsheet, the LTA has not been calculated following Section 3.2.22 of *VCS Standard, v4.2*.

In addition, it has not been demonstrated that the LTA used in Section 6.5 of the joint PD/MR is based on the data monitored during the monitoring period.

Action items:

(1) The VVB must ensure that the project proponent applies the VCS Standard equation to calculate the LTA GHG benefit of the project. The project proponent must update Section 4.2 of the joint PD/MR and the calculation spreadsheet accordingly.

(2) The VVB must ensure that the project proponent calculated the LTA using the monitored data and updates Section 6.5 of the joint PD/MR accordingly.

Program rules:

VCS Standard, v4.2, Sections 3.2.22

Background:

The project has calculated the LTA as the average total biomass (tCO_2/ha) for Eucalyptus plantations with 4 different stem densities. Per Section 3.2.22, the long-term average GHG benefit is the average difference between the project scenario and the baseline scenario of carbon stocks in the selected carbon pools and adjusted for any project emissions of N_2O, CH_4, fossil-derived CO_2, and leakage emissions.

Per Section 3.2.22 (6), the LTA shall be calculated at each verification event. For a joint Registration and Verification request, the ex-ante and ex-post LTA calculations can be identical, but it must be clearly demonstrated that these calculations are based on the data monitored during the first monitoring period.

VVB response:

The PP analyzed the current LTA per strata, to compare with the Ex-Ante LTA. During this assessment, the VBB realized there were small inconsistencies regarding the areas considered. These errors were adjusted – the corrected numbers are presented in a corrected PDD (Monitoring Chapter 6).

Also, the Ex-Post Analysis was conducted using a new stratification per density, which reduced the uncertainty error from 8.3 % to 6.6 %.

The results displayed in the Table below show that in any of the first instance strata the Ex-Ante LTA has not yet been reached. Respective table was added to the PD/MR.

Planting year	Density Stratum	Average bTREE, i t CO2e (year	LTA Ex Ante	Δ LTA, t CO2e to reach LTA Ex-Ante	LTA Ex-Post	Δ LTA, t CO2e to reach LTA (Ex-Post)
2018	714	33,8	190,2	156,4	202,4	168,6
	1000	63,5	213,0	149,5	213,0	149,5
2019	500	3,7	180,5	176,8	137,8	134,1
	714	11,5	190,2	178,7	202,4	190,8
	1000	20,6	213,0	192,4	213,0	192,4

Verra Review:

The LTA calculations have been corrected and the project proponent demonstrated that the LTA has not yet been reached. However, this finding cannot be closed.

Round 3:

Issue:

It is not clear if the LTA has been updated using data monitored *ex-post* or if it only relies on *ex-ante* values.

In addition, it is not clear whether the LTA has been calculated using the equation set out in Section 3.2.25 (5) of the *VCS Standard v4.4*.

Action items:

1. The VVB must ensure that the project proponent follows the equation for calculating LTA GHG benefit set out in Section 3.2.25 (5) of the VCS Standard v4.4.

2. The VVB must ensure that the project proponent uses the data monitored *ex-post* to calculate the parameters PE_t and BE_t.

3. The VVB must provide an assessment of the PD and update the joint validation/verification report as needed.

Program rules:

VCS Standard, v4.2, Sections 3.2.25 (5)

Round 3:

The LTA was calculated on basis of the formular provided in sec. 3.2.25 (VCS Std v4.2) a corresponding statement was added to the VVR in sec. 3.4.6.

The LTA was now updated using the latest production tables of the project, i.e. ex-post data.

A respective statement was added to the VVR in sec. 4.1.

Annually, the PP conducts forest inventories and about every 2 years, the results of these inventories are used to calibrate the timber production tables that underpin all project planning documentation (Business Plan, cashflow, etc.). This calibration serves to adjust the expected tree growth curve and future increment expectations. The update of the LTA was conducted based on the same tables.

The latest production tables of the Forestal Azul project have been developed in 2021 (after the validation/verification). The resulting updated LTA to date (Ex-Post LTA) is shown per stratum in the Table below, in comparison to the Ex-Ante LTA and to the actual standing biomass per ha according to the inventory conducted in 2020 (Average b Tree).

Planting year	Density Stratum	Average bTREE, i t CO2e (year 2020)	LTA Ex Ante	Δ LTA, t CO2e to reach LTA Ex-Ante	LTA Ex-Post	Δ LTA, t CO2e to reach LTA (Ex-Post)
2018	714	33,8	190,2	156,4	202,4	168,6
	1000	63,5	213,0	149,5	213,0	149,5
2019	500	3,7	180,5	176,8	137,8	134,1
	714	11,5	190,2	178,7	202,4	190,8
	1000	20,6	213,0	192,4	213,0	192,4

The results show that:

The LTA Ex-Post is similar to the LTA Ex-Ante, with a slight increase in the Strata of 714 trees/ha and a significant decrease in the strata of 500 trees/ha.

The increase is related to the fact that tree growth dynamic has been adjusted to what has been observed by the PP across all its plantations in Paraguay – that tree growth is more accelerated in the first few years after planting, compared to later in development, contrary to what was initially assumed (a more linear growth dynamic). While overall biomass increment did not increase in these Tables compared to the previous ones, this growth dynamic leads to a slightly higher average growth and results in a higher LTA.

The new LTA of the stratum of 500 trees/ha is significantly lower, according to lower growth expectation as initially assumed.

Last but not least, changes in the stratum of 1,000 trees/ha were not significant, leading in basically no change in the LTA of this stratum.

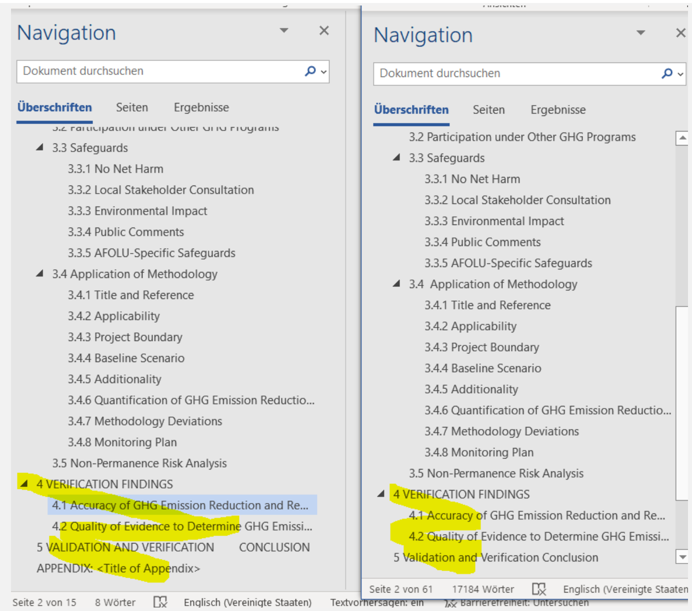
The sequestration that the PP wishes to accredit for the period 2018-2020 is still far from the LTA Ex-Ante and the LTA Ex-Post.

Also, to give more comfort to the reviewer regarding current growth, The PP is presenting an additional analysis below, of the timber volume standing per strata according to an inventory conducted in 2022 (two years since the inventory of the val/ver at hand was conducted), in comparison to the timber volume as expected in the same year (2022) according to the original LTA. For all strata, current volumes on the ground are higher than expected.

Stratum: Year_Density	Standing Volume per ha 2022 (m^3/ha)	Target Volume 2022 per ha (According to LTA) - (m^3/ha)	Area (ha)	Total Biomass Volume Standing in 2022 (m^3)	Target Biomass Volume in 2022 (According to LTA) (m^3)
2018_714	63,9	82,3	161,0	10.291	13.244
2018_1000	104,2	103,2	184,5	19.230	19.038
2019_500	36,4	29,1	41,0	1.492	1.191
2019_714	56,4	37,4	252,0	14.211	9.415
2019_1000	57,3	47,2	354,0	20.282	16.721
Total				65.505	59.609

		Note 1: In the Table above, the target Volume per ha of 2022 is the one assumed for Ex Ante calculations. Please refer to the Excel file in which Ex Ante calculations were provided in the Sheet “Ex-Ante – 1ha model”, column AL (Standing Volume per ha). Note 2: The actual growth performance (inventory results) conducted in 2022 have been reviewed by the VVB. Verra Review: The PP has provided the LTA ex-post and LTA ex-ante calculations and the VVB also has included the statement that LTA calculation followed the formula provided in Section 3.2.25 (5) of the Standard. This finding is closed and no further action is required.	
13	**General Template rule** **<u>Issue:</u>** The correct VCS Joint Validation/Verification Template was not used, and the version not indicated. **<u>Action item:</u>** A. The VVB must use the correct VCS Joint Validation/Verification Template with the version indicated. **<u>Program rules:</u>** VCS Joint Validation/Verification Report v4,0,	**Round1**: VVB Response: According to VCS-Summary-of-Effective-Dates-2022-Q1 the new template is obligatory from 20 July 2022 onwards, the VRR was published before that date. Verra Review: Since this is a Joint Registration and Verification Request (and the PP used a Joint Project Description & Monitoring template), the VVB is requested to use the corresponding Joint Validation and Verification Template. The submitted one is only a Validation Report with added verification-related sections at the end. Therefore, this finding remains open. **Round 2:** **<u>Issue:</u>** The VVB did not use the *VCS Joint Validation and Verification Template*, *v4.0*, as it should have since this is a Joint	Closed

	Registration and Verification Request (and the PP used the *VCS Joint Project Description & Monitoring Report Template, v4.0*). **Action item:** The VVB must use the *VCS Joint Validation/Verification Template, v4.0,* and not the *VCS Validation Report Template, v4.0*. **Program rules:** *VCS Joint Validation/Verification Report v4,0* VVB response: The correct template was used with the one difference that the header was not correct. No explanation could be found for this, a correct header was inserted. The content of the report corresponds to the chapters of the report template 4.0 and not, as stated, to a validation report, to which verification-related sections would have been added at the end. On the left side the table of content of the template 4.0 on the right side the table of content of the report.



Verra Review:

The correct template has now been used. This finding is closed.