



2nd VERIFICATION REPORT AGROCORTX REDD PROJECT

Document Prepared by Earthood Services Private Limited

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Summary:

This final report refers to the second project verification audit in the ambit of VCS and Social Carbon standards. The Agrocorrex REDD project activity involves avoidance the unplanned deforestation (AUD) of the 186,067ha project area, consisting of 100% Amazon rainforest. The project area is located within a private property named "Fazenda Seringal Novo Macapá", which is situated in the municipalities of Manoel Urbano, Pauini and Boca do Acre, in the States of Acre and Amazonas, South-western Amazon. The project proponent is Agrocorrex Madeiras do Acre Agroflorestal Ltda., a Brazilian private company responsible for the operations of Agrocorrex Florestas do Brasil S.A –the holding. The latter also holds Agrocorrex Florestas Tropicais Ltda.

The present REDD project is estimated to avoid a predicted 30,006 ha of deforestation, equating to 14,507,808 tCO₂e in emissions reductions over the 30 year project lifetime (01-July-2014 to 30-June-2044). during the currently monitoring period from **01-January-2017 to 31-December- 2019**, The prevention of unplanned deforestation in the Project Area reduced the emission of **1,313,053 tCO₂e** .The project applies the VCS Methodology VM0015 - Methodology for Avoided Unplanned Deforestation, version 1.1

Scope of verification

Agrocorrex and Ecológica Assessoria Ltda. has contracted Earthood Services Private Limited. to conduct the conformity assessment of the 2nd monitoring report against the indicators and requirements of the applicable standards and VM0015. Document review, site visits and interviews with stakeholders and PP's staff were conducted in order to evaluate the project activity implementation and project monitoring conformity. Nonconformities (CARs), Clarifications (CLs) and forward action requests (FAR) were raised when applicable. Two people formed the audit team, where both participated in field audit and document reviews. The site visit spent 6 days, from 15th until 20th July 2020 and included visits to several project areas, Institutional meetings and stakeholders' interviews.

The audit team has raised **12 CARs, 12 CLs** and **03 FARs**. The CARs and CL were all closed before the emission of the final version of this report, as presented in appendix 1, attached to this report.

Based in the entire analysis and CARs and CL addressing, the VVB concludes with significantly level of assurance that the climate benefits presented in the verification report "VCS MR Agrocorrex_period_02_01 01 2017_31 12 2019_v03" (REF#43) are real.

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1 INTRODUCTION

Agrocortex and Ecológica Assessoria Ltda. has contracted Earthood Services Private Limited. to conduct the conformity assessment of the 2nd monitoring report of the Agrocortex REDD project, for the period from 01-January-2017 to 31-December- 2019

1.1 Objective

This report refers to the conformity assessment of the Agrocortex REDD project to the VCS Version 4 and Social Carbon standards requirements. The report presents the VVB assessment and conclusions of the project performance against the applicable standards and methodology

1.2 Scope and Criteria

The scope of the verification is to establish/verify by an independent third-party assessment the conformance of the project to the VCS, Social carbon standard and VM0015 v1.1, requirements.

The VVB focused on the project activities implementation, the project monitoring activities, the non-permanence risk analysis and buffer determination prepared for this monitoring period.

The project encompasses an area of 186,067.04 ha of private land named “Fazenda Seringal Novo Macapá”, The REDD project is estimated to avoid a predicted 30,006 ha of deforestation, equating to 14,507,808 tCO₂e in emissions reductions over the 30 year project lifetime (01-July-2014 to 30-June-2044). The currently monitoring period refers to the period from 01-January-2017 to 31-December- 2019

All material GHG reservoirs sinks and sources and sinks were evaluated following the VCS standard and methodology requirements. The project was evaluated to a reasonable level of assurance.

The following documents were used during the assessment:

- VCS Program Guide, v4.0;
- VCS Standard, v4.0;
- VM0015 Version 1.1, 3 December 2012 - Methodology for Avoided Unplanned Deforestation;
- AFOLU Non-Permanence Risk Tool, v4.0
- VCS Monitoring Report Template, v4.0
- VCS+SOCIALCARBON Verification Report Template, v4.0

- SOCIALCARBON_STANDARD_v-5-.0

Also supporting documents made available to the verifier and information collected through performing interviews and during the on-site assessment were used by the audit team in its analysis.

The Social Carbon applied indicators are the indicators for REDD + SFMP Projects, Version 1.2, as follow:

Social Resource Indicator	Description
Women Inclusion	Evaluates initiatives implemented by the company to promote women inclusion in the community activities. Campaigns: Punctual actions that do not have continuity, such as lectures, women's inclusion week, among others. Program: Set of continuous actions to promote women inclusion in the community activities, offering equal opportunities of access to goods and services for all.
Expansion of community activities	Evaluates whether the community activities implemented by the company extend to all affected communities.
Associations and cooperatives	Evaluates whether communities residing in the project area are involved in/around associations or cooperatives. Association: Group of two or more people who organize themselves to defend their common interests, without financial ends and existing as a legal entity. Cooperative: Organization consisting of at least twenty private individuals acting cooperatively and mutually assisting each other, with democratic, participatory management, with common economic and social goals, of which the legal and doctrinal aspects are independent of those of other organizations and societies.

Human Resource Indicator	Description
Conflict management	Evaluates the company's procedures to identify and deal with conflicts in the surrounding communities, as well as the actions that are being taken so that they do not recur.
Public health	Evaluates the company's actions to mitigate the impacts of its activities related to the public health of surrounding communities.
Community education and training	Evaluates the relevant education and training programs implemented as a project activity, including additional programs to the stakeholders and broader community.

Financial Resource Indicator	Description
Alternative income sources	Evaluates whether the project created alternative sources of income generation for the communities living within/surrounding the project area.
Carbon credit benefits	Evaluates whether proceeds from the sale of carbon credits was distributed to carbon project improvements or activities that benefit the local community.
Securing of funds	Evaluates the project proponent's participation in requests for proposals/ programs to secure funds. Also monitors whether project participants were successful, and whether the funds raised are creating activities for communities resident in/around the project area.

Natural Resource Indicator	Description
Land tenure	Evaluates the existence of conflicts due to land tenure, as well as whether actions are being taken to manage the issue.
Social and Environmental Investments	Evaluates the socio-environmental investments in the different areas: education; alternative income generation; environment; sport and infrastructure.
Quality Control	Evaluates the quality control of the management plan operation.

Biodiversity Resource Indicator	Description
Non-timber forest products (NTFPs)	Evaluates the sustainable use of natural resources by communities in the project area for income generation. “NTFPs are biological resources or products from flora – which are not wood – obtained from forests for subsistence or for trade. They can come from native, primary or secondary forest, planted forest or agro-forestry systems. NTFPs include a wide range of products including medicinal plants, fibres, resins, latex varieties, oils, rubbers, fruits, nuts, seasonings, dyes, rattan, bamboo, etc.” (Brazilian Forest Service, 2013). Sustainable practices are taken to include the following: - Low-impact practices; - Exploitation/ collection practices of each NTFP that are compatible with their productivity levels and without affecting their regeneration and/or conservation of each utilized species.
Biodiversity monitoring	Evaluates whether the company has actions to identify and monitor the local fauna and flora.
Impact on remaining flora	Evaluates the company actions to monitor the impact on the remaining flora..

Carbon Resource Indicator	Description
Buffer reduction	Measures the progression of the buffer in the current monitoring period compared to VCS PD and Monitoring Report.
Stakeholder consultation	Evaluates the methodology used for the stakeholder consultation regarding the carbon project.
Project Performance	Evaluates project performance in relation to verified emissions reductions. Project performance = Units verified in the Monitoring Report corresponding to the SCR period/ Estimate of emissions reductions in the VCS PD.

The audit team has crosschecked all the applicable indicators and based on them raised CARs and CLs as presented in appendix 1. The VVB deems that all CARs and CLs raised regarding the SCS, were addressed and closed.

1.3 Level of Assurance

The VVB conducted the assessment in order to reach a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the verification team assessment 12 CARs, 12 CLs and 3 FAR were raised. The VVB states that all CARs and CLs raised during the second monitoring period were properly addressed by the PP and closed by the VVB team. Please refer to appendix 1. The VVB ensures the conformance of the project with the VCS Program rules considering one percent threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions, for large scale projects, as stated in section 4.18 of VCS standard (REF#8).

1.4 Summary Description of the Project

The Agro cortex REDD project activity involves avoidance the unplanned deforestation (AUD) of the 186,067ha project area, consisting of 100% Amazon rainforest. The project area is located within a private property named “Fazenda Seringal Novo Macapá”, which is situated in the municipalities of Manoel Urbano, Pauini and Boca do Acre, in the States of Acre and Amazonas, South-western Amazon. The project proponent is Agro cortex Madeiras do Acre Agro florestal Ltda., a Brazilian private company responsible for the operations of Agro cortex Florestas do Brasil S.A –the holding. The latter also holds Agro cortex Florestas Tropicais Ltda.

Agro cortex is a sustainable development company engaged in conserving the environment through sustainable forest and NTFP management, generating greenhouse gases (GHG) emission reductions, and NTFPs. In March, 2014, the Agro cortex holding company and Batisflor Florestal Ltda. established an agreement to harvest forest products/by-products and non-timber forest products (NTFPs) in the Project Area, in a manner that is consistent with local ecosystem

conservation, granting rights of 1) timber harvesting, 2) NTFPs extraction and 3) carbon credits to Agro cortex Madeiras do Acre Agroflorestal Ltda.

The present REDD project is estimated to avoid a predicted 30,006 ha of deforestation, equating to 14,507,808 tCO₂e in emissions reductions over the 30 year project lifetime (01-July-2014 to 30-June-2044). during the currently monitoring period from 01-January-2017 to 31-December-2019, The prevention of unplanned deforestation in the Project Area reduced the emission of 1,313,053 tCO₂e .The project applies the VCS Methodology VM0015 - Methodology for Avoided Unplanned Deforestation, version 1.1.

The project is located in the border between the States of Acre and Amazonas, within the agricultural expansion frontier region, around 25km south of the BR-364, the main highway that crosses the State of Acre. The main deforestation and degradation agents acting within the reference region are: cattle ranching, mainly producing beef cattle; and timber harvesters, acting both legally and illegally.

Agro cortex developed a sustainable forest management plan (SFMP) that is certified by the Forest Stewardship Council (FSC), and is considered a tool for forest conservation, maintenance of forest carbon stocks, and decreasing deforestation rates in the project region. These benefits are mainly due to the following:

- a) the use of reduced impact logging techniques;
- b) reduced social and environmental operational impacts;
- c) increased surveillance in the area; and
- d) increased economic value from forest resources.

The contribution to sustainability is being monitored by applying the SOCIALCARBON® Standard, which is based in six main pointers: Technology; Natural; Financial; Human; Social and Carbon Resources.

2 VERIFICATION PROCESS

2.1 Method and Criteria

The verification process is conducted in accordance with criteria laid down by VCS standard and SOCIALCARBON, as following:

- contract with PP for the scope and appointment of verification team and technical review team;

- completeness check of Monitoring Report;
- desk review of Monitoring Report by verification team and planning of onsite audit (including sampling approach to be applied);
- physical on-site inspection by verification team;
- follow up activities e.g., interviews;
- reporting and closure of findings (CARs/CLs/FARs) and preparation of draft verification report;
- independent technical review of the draft verification report and final/revised documentation;
- reporting and closure of TR comments/findings (CARs/CLs/FARs) and final approval for the decision made;
- issuance of final verification report to contracted PP (or authorized representatives).

This document is a Final Verification Audit Report using a desk and field-based audit. Two auditors from Earthood Services Private Limited were involved in the preliminary (desk) assessment of project's monitoring report, its annexes and the field auditing in the project area. The auditing team reviewed technical reports and documentation provided by the project proponent to conduct the verification process. The VVB team undertaken an independent GIS analysis for deforestation model and reviewed assumptions, parameters and formulas used to determine the GHG reduction estimates.

No inventory plots were re-measurement, because the carbon stocks were already validated in previous audits. During the field audit, the audit team where focused on direct field observations in the project area, reference region and leakage belt, in order to assess unplanned deforested areas, planned deforested areas, areas where the deforestation was projected and happened, areas where the deforestation was not projected and happened as well, among other relevant areas for the verification crosscheck process.

In addition the audit team interviewed project community, staffs as well as stakeholders from different local organizations and governmental agencies, totaling 15 people, as presented in section 2.3, below.

2.2 Document Review

A desk review was conducted by the verification team that included:

- a. Review of the data and information presented to verify its completeness;
- b. Review of the VCS project activity and its monitoring;
- c. Evaluation of data management and the quality assurance and quality control system in the context of their influence to SOCIALCARBON indicators and VM0015 monitored data;
- d. supporting documents.

As part of the auditing processes, the following documentation presented was revised:

Ref#	Document title	Electronic filename	observation
1	VCS PD Agrocorrex REDD Project	VCS PD_Agrocorrex REDD Project_v5.pdf	Registered PD, available in the VCS project database https://registry.terra.org/app/projectDetail/VCS/1686
2	2nd monitoring report_v01	VCS MR Agrocorrex_period_02_01 01 2017_31 12 2019_v01.pdf	
3	2nd MR calculation spreadsheet v.1	VCS MR Calculation Agrocorrex_period 02_01 01 17_31 12 2019_v0.xlsx	
4	VCS Program Guide, v4.0	VCS Program Guide, v4.0.pdf	https://terra.org/project/vcs-program/rules-and-requirements/
5	VM0015 Version 1.1, 3 December 2012 Methodology for Avoided Unplanned Deforestation	VM0015-Methodology-for-Avoided-Unplanned-Deforestation-v1.1.pdf	https://terra.org/project/vcs-program/rules-and-requirements

			/
6	VCS-Risk-Report-Calculation-Tool-Agrocortex REDD Project-MR 2-v01	VCS-Risk-Report-Calculation-Tool-Agrocortex REDD Project-MR 2-v01.xlsx	
7	VCS-Non-Permanence-Risk-Report-Agrocortex REDD Project-MR 2-v01	VCS-Non-Permanence-Risk-Report-Agrocortex REDD Project-MR 2-v01.pdf	
8	VCS Standard, v4	VCS_Standard_v4.pdf	https://verra.org/project/vcs-program/rules-and-requirements/
9	SCR_Agrocortex_Point_1_v1	SCR_Agrocortex_Point_1_v1.pdf	
10	SC_Agrocortex_Point1	SC_Agrocortex_Point1.xlsx	
11	1st verification report	Final verification report Rina_Agrocortex.pdf	
12	PLANO DE MANEJO FLORESTAL SUSTENTADO - 2ª REVISÃO CONSOLIDADO FAZENDA SERINGAL NOVO MACAPÁ de 2017	PMFS Rev2017 Consolidado SMacapa Agrocortex.pdf	
13	Validation Report of the Agrocortex REDD Project	FVR_2017BQ22MD rev 3(2)Aa.pdf	
14	VCSSocialCarbon-Verification-Report-Template-v4.0	VCSSocialCarbon-Verification-Report-Template-v4.0-1_Agrocortex.docx	
15	SOCIALCARBON Report of Agrocortex REDD Project year point 1.	SCR_Agrocortex_Point_1_v2.pdf SCR_Agrocortex_Point_1_v3.pdf (final)	
16	NON-PERMANENCE RISK REPORT AGROCORTEX REDD PROJECT	VCS-Non-Permanence-Risk-Report-Agrocortex REDD Project-MR 2-v01.pdf	
17	VCS-Risk-Report-Calculation-	VCS-Risk-Report-Calculation-Tool-	

	Tool-Agrocortex REDD Project-MR 2	Agrocortex REDD Project-MR 2-v01.xlsx	
18	AMAZONIAN DEFORESTATION AND GLOBAL WARMING: CARBON STOCKS IN VEGETATION REPLACING BRAZIL'S AMAZON FOREST	AMAZONIAN DEFORESTATION AND GLOBAL WARMING: CARBON STOCKS IN VEGETATION REPLACING BRAZIL'S AMAZON FOREST Author: Philip M.Fearnside Forest Ecology and Management Volume 80, Issues 1-3, January 1996, Pages 21-34	Available at https://www.sciencedirect.com/science/article/abs/pii/0378112795036474
19	Indicators for REDD+SFMP Projects	Template_Submission_of_new_indicators_REDD+SFMP_v1.2_EN11.pdf	Available at: http://www.socialcarbon.org/wp-content/uploads/2012/11/Template_Submission_of_new_indicators_REDD+SFMP_v1.2_EN11.pdf
20	Relatorios pós exploratorio (UPA4R+7_2017, UPA5_2019 e UPA6+8_2018 (3 documents)	- Relatorio_pós_exploratorio_UPA4R+7_2017 - Relatorio_pós_exploratorio_UPA6+8_2018 - Relatorio_pós_exploratorio_UPA5_2019	
21	Resumo público do plano de manejo 2017, 2018 e 2019 (3 documents)	2018_resumo_público_do_plano_de_manejo_MP 2017 Resumo público do plano de manejo.v2 reduzidoFINAL 2019_resumo_público_do_plano_de_manejo_MP_formatado[2]	

22	Project cashflow	Cashflow Buffer_MR2_PT. xlsx	
23	Agrocortex Societal structure	Estrutura Societária Agrocortex2.pptx	
24	shareholders letter regarding Agrocortex operation funding	Declaração renovação ciclo de corte_Jun2018.pdf	
25	VCS programs definition v.4	VCS programs definition v.4.pdf	https://verra.org/project/vcs-program/rules-and-requirements/
26	Partnership Contract between Batisflor (landowner) and Agrocortex (PP)	Contrato Parceria Rural - versãoassinada_17032014.pdf	support CAR 12
28	2nd monitoring report_v02	VCS MR Agrocortex_period_02_01 01 2017_31 12 2019_v02_pdf	
29	2nd MR calculation spreadsheet v.2	VCS MR Calculation Agrocortex_period 02_01 01 17_31 12 2019_v02.xlsx	
30	AMS-III.F.: Avoidance of methane emissions through composting — Version 12.0	AMS-III.F.: Avoidance of methane emissions through composting — Version 12.0.pdf	support CAR 10
31	Terceiro aditamento a compra e venda quotas	Terceiro aditamento a compra e venda quotas_2016.pdf	support CAR 12
32	Agrocortex_Canal de Comunicação Stakeholders	Agrocortex_Canal de Comunicação Stakeholders_2019.pdf	support CL01
33	Relatório FSC Agrocortex FSC	Relatório FSC Agrocortex FSC FM audit 17 POR client version.pdf	support CL01
34	Declaration that revenue from credits are used for socio-environmental and operational project activities	Declaração que receita dos créditos são usadas para atividades socioambientais e operacionais do projeto.pdf	support CL03
35	balance sheet	Balancete AMA 01 a 05-2020.pdf	support

			CL03
36	VCS-Non-Permanence-Risk-Report v02	VCS-Non-Permanence-Risk-Report-Agrocortex REDD Project-MR 2-v02_Track changes.docx	
37	post-exploratory forest inventory report 2019	Relatorio Parcelas Permanetes.pdf	support CL 06
38	wooden donations registers	several documents (emails, excel files, forest origin documents and invoices)	support CL 07
39	Community survey - FOREST MANAGEMENT SURROUNDINGS FARMING SERINGAL NOVO MACAPÁ	FOREST MANAGEMENT SURROUNDINGS FARMING SERINGAL NOVO MACAPÁ [3].PDF "	results of the data collected in 22 houses during the visits of October 14, name of the document Support CAR 06
40	Deforestation Monitoring 2017-2019	2020_08_11d_Monitoramento_Desmatamento_2017-2019.pdf	support CAR 09
41	Worker Transport Procedure	PR.MAN.009_Procedimento de Transporte de Trabalhadores.pdf	support CAR 11
42	VCS-Non-Permanence-Risk-Report v03	VCS-Non-Permanence-Risk-Report-Agrocortex REDD Project-MR 2-v03.pdf	Final version
43	2nd monitoring report_v03	VCS MR Agrocortex_period_02_01 01 2017_31 12 2019_v03.pdf	Final version
44	2nd MR calculation spreadsheet v.3	VCS MR Calculation Agrocortex_period_02_01 01 17_31 12 2019_v03.xlsx	Final version
45	Donation of wood for the construction of "Casa dos Índios"	Doação de madeiras para Construção das Casas dos Índios 2020.pdf	
46	AGROCORTEX_Diagnóstico socioambiental no entorno da Faz Seringal Novo Macapa_2015	AGROCORTEX_Diagnóstico socioambiental no entorno da Faz Seringal Novo Macapa_2015.pdf	
47	AGROCORTEX_Impactos do	AGROCORTEX_Impactos do PMFS da	

	PMFS da Agro cortex à população entorno_2015;	Agro cortex à população entorno_2015.pdf	
48	AGROCORTEX- Regularização;	AGROCORTEX- Regularização.pdf	
49	AGROCORTEX - Comunidades.	AGROCORTEX - Comunidades.pdf	

2.3 Interviews

The auditing team conducted on-site interviews between 13th and 19th July 2020, including the PD consultant, 3 project staff, 5 staff from outsourced companies, 2 local stakeholders representatives, 8 representatives from the 3 governmental spheres (municipal, state and federal) and 8 people from the local communities, totaling 27 people. Actors linked to the Project, direct or indirectly, were relevant for the process, were interviewed. The subjects addressed during interviews were previously established in function of SC standards indicators, VCS AFOLU, methodology requirements and verification scope. The interviews were conducted in a way the interviewees could explain their participation and give their impression over the project's development.

Conducted interviews are listed in the table below:

Interviewee	Location	Date	Role in the project
Marcelo Haddad	Manoel Urbano, AC and project field	along 13th and 19th July 2020,	MR consultant
Marcos Preto	Virtual call in Manoel Urbano, AC	14th and 22nd July 2020	Project proponent (Agro cortex director)
Adelaide de Fatima Oliveira	Rio Branco, AC	13th July 2020	President Sindusmad/Asmanejo
Amazonas Valdinir Ribeiro	Rio Branco, AC	13th July 2020	General Secretary of Sindiacre
Andre Hasen	Rio Branco, AC	14th July 2020	President do IMAC
Israel Milani	Rio Branco, AC	14th July 2020	Environment State Secretary (SEMA)
Cristina Boaventura	Rio Branco, AC	14th July 2020	Superintendent do IBAMA AC
Diogo Seiorsqui	Rio Branco, AC	14th July 2020	Technical division chief (IBAMA)
Luciano Arruda	Rio Branco, AC	14th July 2020	Management plan Analyst (IBAMA)
Pamela Batista	Manoel Urbano, AC	15-17th July 2020	Forest Analyst Agro cortex
Marcelo dos Santos Froncalina	Manoel Urbano, AC	15-17th July 2020	Human resources Analyst Agro cortex
Cleudo Vieira da Cunha	Manoel Urbano, AC	16th July 2020	Agriculture and Environment Municipal Secretary
Reabias Martins de Araújo	Manoel Urbano, AC	16th July 2020	Técnico Agrícola
José Altamizio Taumaturgo Sá	Manoel Urbano, AC	16th July 2020	Mayor
Artur Fidelis	Manoel Urbano, AC	16-17th July 2020	information management

			and DOF - GMF (outsourced company of Agrocontext)
Edi Carlos dos Santos Nascimento	Manoel Urbano, AC	16th July 2020	Field worker of the FC Forestry (outsourced company of Agrocontext)
Taian dos Santos	Manoel Urbano, AC	16th July 2020	Field worker of the FC Forestry (outsourced company of Agrocontext)
Jailson Lima Tavares	Manoel Urbano, AC	16th July 2020	Field worker of the FC Forestry (outsourced company of Agrocontext)
Airton da Silva Batista	Manoel Urbano, AC	16th July 2020	RH analyst of the FC Forestry (outsourced company of Agrocontext)
Messias Lima de Oliveira	Boca do Acre, AM	17th July 2020	Riverside of the Sao Salvador community
Deucimar Silva Carvalho	Boca do Acre, AM	17th July 2020	Riverside of the Sao Salvador community and teacher from the community school.
Gerson Lima de Carvalho	Boca do Acre, AM	17th July 2020	Riverside of the Sao Salvador community
Carlos Alberto	Boca do Acre, AM	17th July 2020	Riverside of the Sao Salvador community
Humberto Silva (Bacalha)	Boca do Acre, AM	17th July 2020	Riverside of the Sao Salvador community
Juliana Estácio de Lima	Boca do Acre, AM	17th July 2020	Riverside of the Bela Vista community
Lazaro Souza Silva	Boca do Acre, AM	17th July 2020	Riverside of the Bela Vista community
Cisivo Alves Passos (Caboclo)	Boca do Acre, AM	17th July 2020	Riverside of the Oriental community

2.4 Site Inspections

The objective of the site inspections was to evaluate the implementation of project activities, in accordance to the registered project description and 2nd monitoring report. Inspections also served to understand the land-use/cover change dynamics in the region. However, due to the COVID-19 pandemic, some interviews were conducted remotely by video call. Physical site inspections occurred as presented below:

Location	Date
Sindusmad/Asmanejo office in Rio Branco	14th July 2020

Environment State Secretariat (SEMA) office in Rio Branco	14th July 2020
Environmental Institute of Acre (IMAC) office in Rio Branco	14th July 2020
Agrocortex office in Manuel Urbano	15-17th July 2020
Agrocortex sawmill in Manuel Urbano	17th July 2020
Agrocortex management area in Manuel Urbano	15-17th July 2020

2.5 Resolution of Findings

The CARs and CL raised, as well as their resolution processes are reported on appendix 1. During this verification process 12 CARs, 12 CL and 03 FAR were raised by the audit team. The resolution of all of them is a pre-condition for the positive verification of this Project. For more information regarding findings resolution, please refer to appendix 1.

2.6 Forward Action Requests

One FAR was raised in the first verification report and closed in the currently verification report. This 2nd verification report has raised three new FARs, please refer to appendix 1.

2.7 Eligibility for Validation Activities

Earthood Services Private Limited has the CDM certification in scope 14 (AFOLU/LULUCF).

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

As stated in the 2nd MR (ref#43) section 1.9, the project is not included in any emission trading program or any other mechanism that includes GHG allowance trading.

The VVB did not identify any other form of environmental credit related to this project activity. The project has not been registered in any other credited activity. The VVB understands that the project does not intend to generate any other form of GHG-related environmental credit for GHG emission reductions or removals claimed under this VCS project.

However, it is worth mentioning the Acre *government carbon accounting that is a* German government resource transfer mechanism for state efforts in REDD initiatives. According to the report “REDD Early Movers Program” produced by the Institute of Climate Change and Regulation of Environmental Services in Acre (IMC): *“So far are discounted in government carbon accounting 10% of the reduction calculated for the entire state, corresponding to the reducing greenhouse gas emissions from the five current private sector REDD + projects they are: the REDD + projects of: Purus, Russas and Valparaíso, Alto Envira and the Agrocortex REDD+ project”.*

Finally the project has not been registered and is not seeking registration under any other GHG Programs.

Based in the abovementioned the VVB deems the project is eligible to participate under the VCS Program.

3.2 Methodology Deviations

Not applicable. The VVB did not identify any methodology deviation in the 2nd monitoring report. The 1st verification report has not identified methodology deviation either.

3.3 Project Description Deviations

According to the 2nd MR section 3.2.2, some project description deviations were carried out, as follow:

- It was identified that the project area contained some hydrography areas, which were not excluded from the area qualified as forest for a minimum of 10 years prior to the project start date, however this adjustment did not impact baseline or project emissions, as the only modification was the size of the project area.

The VVB understands that this deviation does not impact the applicability of the methodology, the additionality or the appropriateness of the baseline scenario.

- It was also identified a little overlap between the project area and the leakage belt. The leakage belt delineation was corrected to exclude from it the project area limits. The VVB deems that this deviation does not impact the applicability of the methodology, the additionality or the appropriateness of the baseline scenario.

After these editions in the project area and the leakage belt the new area values were:

- Project area – 186,067.04 ha (instead of 186,219.05).
- Leakage belt area – 127,972.41 ha (instead of 128,115.48 ha)
- land-use change analyses were made through MapBiomass images, which is a new platform that produces maps through a pixel-by-pixel classification from Landsat satellites images. The mapping of land use dynamics in the reference region was based on the 2017 mapping produced by MapBiomass15, available in raster format, and supervised classifications using Google Earth Engine for the years 2018 and 2019. According to the PP This classifier was chosen because it is the same used in the MapBiomass, allowing a closer approximation of the methodology.

The VVB deems this land-use change analyses appropriately and in line with the best GIS practices available for the Amazon biome, in addition the VVB considers this approach more accurate and reliable and does not impact the applicability of the methodology, the additionality or the appropriateness of the baseline scenario.

Based in the above-mentioned analysis as well as the CAR 05 and CAR 11 resolutions presented in the appendix 1, the VVB deems the PD deviation in accordance to the presented in the updated VCS PD (Ref#1) and 2nd MR (Ref#43), as well as in line with the VCS standard v.4 requirements.

3.4 Grouped Projects

Not applicable. This is not a grouped project.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

The VCS PD was validated and first verified by RINA Services S.p.A.

According to the PP the Agro cortex has maintained the SFMP and the project activities fully operational since the starting date of the crediting period. The project activities include:

Banning of illegal logging: This was confirmed by the VVB once the access to the property are monitored. On this regarding the VVB team did not found any evidence of illegal logging within the REDD project area.

Social education: As the “Jovem Aprendiz” initiative, project that creates job opportunities for the young people at risk and vulnerability situations, the PP also promoted trainings and lectures to employees and community (more infos on this regarding please refer to REF#15).

Deforestation supervision: This activity is conducted by its management team and through satellite images. This was also crosschecked by the audit team and all issues raised on this regarding are discussed in appendix 1.

The monitoring data was kept according to the monitoring plan described in the approved VCS PD. The 2nd Monitoring Report refers to the second monitoring period of the project and includes data from 01-January-2017 to 31-December-2019.

According to the baseline scenario, the predicted area that would be deforested within the project area during this monitoring period (2017 – 2019) would be of 3,487.08 ha, what means an annual average deforestation rate of 0.67% per year. Comparing to the actual classified deforestation area during the same analyzed period (446.93ha) the present REDD project avoided 3,040.15 ha of deforestation.

Besides forest conservation, the project aims to improve and quantify its social and environmental benefits through application of the SOCIALCARBON® Methodology, which is being carried out during this second monitoring period.

Regarding to the SC methodology, the audit team also crosschecked the sustainable development contributions presented in the SCR point one (ref#9), against the documentation provided, field observations and stakeholder's interviews and found no discrepancies. For additional information regarding project implementation assessment, please refer to appendix 1.

Regarding to other GHG emission-trading program, according to the proponent, the project has not been registered nor rejected by another GHG program, neither has generated environmental credits during the monitoring period covered by the present verification. Based in the field interviews and observations and desk reviews, the VVB understands the project is not part of any other GHG emission trading program or any other mechanism that includes GHG allowance trading. For additional information, please refer to section 3.1 above.

Based in the above-mentioned analysis the VVB did not identify the existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology.

the VVB deems the project implementation status is in accordance to the presented in the updated VCS PD (Ref#1) and 2nd MR (Ref#43), as well as in line with the VCS standard v.4 (ref#8) requirements.

4.2 Safeguards

4.2.1 No Net Harm

According to the VCS PD, the Agrocortex has conducted a social and environmental impact assessment of the sustainable forest management carried out within the Project Area in May, 2015. This assessment was performed by Agrocortex management team with support from an experienced consultant. The assessment included consultations with local stakeholders, who were asked about their impressions on the expected impacts related to Agrocortex activities.

According to this assessment, there were 120 families living around the Project Area at the time of the study. As part of the surveys conducted, all 120 families have been consulted on potential social and environmental impacts resulting from the forest management implemented by Agro cortex.

A new assessment of potential environmental and socio-economic risks of the Project was conducted in April 2017 as part of the design of the SOCIALCARBON Indicators for REDD+SFMP Projects

The main potential risks identified were:

1. Hunting shortage due to project activities that could frighten animals
2. Air Pollution, Noise and soil erosion due to vehicles circulation
3. Conflicts between company/workers and local communities

These three potential negative impacts are monitored by the PP through the SOCIALCARBON monitoring tool, as explained in section 5.1 of the registered PD (ref#1) and presented in the SC report (ref#15)

Still according to the registered PD, following measures were planned by Agro cortex to mitigate this risk:

1. Restrict the circulation of personnel and equipment on the Project Area to avoid frightening or modifying the behaviour of animals;
2. Regular meetings with communities living within the leakage management area explaining about the difference between the customary and the predatory hunting and fishing;
3. Timber harvesting should be performed on annual plots and not at several locations simultaneously;
4. Establish procedures to monitor fauna on traditional hunting spots inside each APU.
5. Monitor vehicles for their compliance on driving speed;
6. Establish speed bumps and spray roads with water near populated areas
7. Establish and monitor time limits for harvest transportation to avoid disturbing locals during rest periods.
8. Establish and monitor a Code of Conduct for employees

9. Promote lectures and educational campaigns on respecting local culture;
10. Establish procedures to ensure employee's health is assessed on a regular basis to prevent the spread of infectious diseases;
11. Create a permanent communication channel with local stakeholders

In addition to the risks identified during the community research, mentioned above, Ecológica Assessoria has identified three risks that could affect the project activity, and must be monitored by the SOCIALCARBON indicators, they are: i) Non permanence of carbon, ii) Risk of land invasion by deforestation agents, iii) Risk of non-performance of the sustainable forest management plan.

According to the registered PD (ref#1), These risks are monitored as part of the monitoring report and also as part of the monitoring of the non-permanence risk, which shall be evaluated at each verification event. Nevertheless, these risks is also assessed by the SOCIALCARBON Indicators.

According the social impact studies presented in the 2nd MR (ref#43) there are communities from 9 localities affected by the project. The Sustainable Forest Management Plan includes 95 families. In addition the project generates 150 direct jobs, being 600 during high production and promote a partnership with the government to donate wood residues for the artisan's associations.

Finally the 2nd MR states that The project owner recognizes, respects and supports local stakeholders' customary tenure/access rights to territories and resources and will never encroach on private property or relocate people off their lands without consent. In addition the project did not introduce any invasive species or allow an invasive species to thrive through project implementation.

Regarding to environmental impacts the PD, in section 5.2, states that Agro cortex has a sustainable forest management plan to define technical criteria and procedures for their forest operations on the Project Area. As part of this SFMP. This plan includes the monitoring of:

1. Impacts to the soil: to prevent impacts to the soil, which could result from the use of heavy machinery to harvest timber
2. Impacts to water resources

3. Impacts to air quality
4. Impacts to biodiversity

In addition, Agro cortex utilizes the concepts of High Conservation Values (HCV) to manage the Project Area. This allowed Agro cortex to map the locations and boundaries of areas of significant value. On such areas, specific monitoring and maintenance measures are taken to prevent environmental impacts and to ensure their environmental and socioeconomic values are preserved. Measures include applying reduced impact harvesting, supervising worker's operations around these areas, incidents record, and report on the status of HCV areas by the end of each harvest season.

During the site visit the VVB could confirm, through site and activities observations and interviews (please refer to section 2.3 and 2.4), that the project activity generates positive impacts to communities and environment, compared to the baseline scenario, despite of some lack of communication identified between PP and local community, as raised in CL01, CL03, CAR06, FAR03.

4.2.2 Local Stakeholder Consultation

According to the VCS PD (ref#1) An explanatory letter was sent to all stakeholders asking their opinion about the REDD project. Moreover, they were also invited to attend a local stakeholders' consultation in Manoel Urbano Municipality in 20th June 2017. The local community was personally invited by one of the project forest engineers who visited them by boat. The invitation letter (available in the section 5.3 of the VCS PD) was sent 30 days before the consultation meeting.

In this meeting several questions were raised from the participants, which were promptly answered. According to the VCS PD, no negative input or comment was received. This is confirmed by the validation report (ref#13) and the 1st verification report (ref#11) that state that the local stakeholder consultation was held on 20/06/2017 in the Agro cortex industrial complex located in Manoel Urbano, State of Acre, where the validation body (Rina) also participated. Still according to the VVB, all questions from stakeholders were answered appropriately there in the meeting itself.

Considering the 2nd monitored period the PP explains in the 2nd MR (ref #43) that the local stakeholders consultation, mentioned above, happened during the current monitoring period (20th June 2017), which were monitored by SOCIALCARBON certification. This consultation communicated:

- The project implementation, including the project results and the importance of forest conservation activities.
- The risks, costs and benefits the project brings to local stakeholders.
- The benefit sharing mechanism.
- Procedures related to resolve eventual conflicts with stakeholders.
- The process of VCS Program validation and verification and the validation/verification body's site visit.

Based on the site visit observations, interviews as well as the validation and 1st verification reports, the DOE deems that the project continues to communicate the necessary relevant information about the project implementation, risks, costs and benefits, relevant laws and regulations and the process of VCS Program verification during the monitoring period. The PP has also provided evidences of the permanent communication channel with stakeholders. The VVB has assessed the ref#21, ref#32 and ref#33, and deems that PP maintains a periodic communication with the communities through emails and face-to-face visits. For more information on this regarding, please refers to CL01, CL03, CAR06, FAR03 in appendix 1.

4.2.3 AFOLU-Specific Safeguards

Based in the site visit, stakeholders interviews, as well as project documentation review, the VVB is able to verify that the PP has implemented activities to mitigate risks local stakeholders due to project implementation.

During the field interviews, the VVB did not find conflicts between the property rights of the project proponent and the local stakeholders land use rights.

Regarding to the channels of communication and the processes used by the project proponent to communicate and consult with local stakeholders during the monitoring period, including any information about any conflicts that arose, the PP explain in the 2nd MR v.1, section 2.2, that a permanent communication channel with local stakeholders was created in order to receive any comments or suggestions regarding the present REDD project and all comments received were responded. For additional information on this issue, please refer to CL01(appendix 1).

Based in the abovementioned explanation, the site visit, stakeholders interviews, project documentation review and the CAR and CL resolutions presented in the appendix 1, the VVB is able to confirm with a significantly level of assurance that the project proponent has taken the appropriate measures to ensure that the project has not created negative impacts on local stakeholders, or mitigated such impacts where necessary.

4.3 Accuracy of GHG Emission Reduction and Removal Calculations

The data and parameters used to calculate the GHG emission reductions and removals are divided into those that were available at the validation that do not need to be monitored, and those that must be monitored at each new verification.

The parameters available at validation and the validation opinion is presented in the table below:

Parameter	Reported value	Validation opinion ¹
CF - Default value of carbon fraction in biomass	0.5 tC/tdm	This value was obtained from IPCC (2003 and 2006) /29/. These values are in accordance with the methodology V00015 v1.1, /6/ and could be updated according to the future measures in the baseline scenario.
abicl - Average biomass stock per hectare in the above-ground biomass pool of initial forest classes	Various in Mg/ha (see PD)	These values were calculated using the forest classes identified by Agencia Verde using maps done during the RADAM Brazil Project for the Legal Amazon, according to the explanation in their Report /4/. The shapes of the maps were provided to Agencia Verde by ICMBio. The mapping of RR, PA and LA were done by Agencia Verde following steps in the applied methodology /6/ and are also presented in the same report /4/. The actual size of the areas for each of the forest classes were calculated by Agencia Verde using GIS software and passed on to Ecológica in the spreadsheet "VCS PD Calculation_AGROCORTEX REDD Project_Vfinal_PA_RR_LB" /14/. The estimates of biomass per hectare were obtained from SALIMON et al (2011) /24/ and Nogueira (2008) /23/. These biomass values are therefore from local scientific literature and this is accepted by the methodology V00015 v1.1 /6/.
bbicl - Average biomass stock per hectare in the below-ground biomass pool of initial forest classes icl	Various in Mg/ha (see PD)	These values were calculated according with the methodology V00015 v1.1, /6/.
Ctotfcl - Average carbon stock per hectare in anthropic	46.93 tCO2e/ha	This value was obtained from FEARNSIDE (1996) /40/. This value is according with scientific literature from Brazil and accepted for the methodology V00015 v1.1, /6/

¹ All the references presented in this column refers to the support documentation of the validation report (ref#13).

areas in equilibrium of post-deforestation class fcl		
Dm - Mean wood density	0.583 g/cm ³	This value was obtained from NOGUEIRA (2008) /23/. This value is according with scientific literature from Brazil and accepted for the methodology V00015 v1.1, /6/.
Dj	High density 0.76 g/cm ³ Low density 0.57 g/cm ³	These values were calculated from technical files at SERVIÇO FLORESTAL BRASILEIRO /57/ and Oliveira – GERFLOR (2010) /22/.
EI	95%	Ex ante estimated effectiveness index
DLF - Displacement Leakage Factor	5%	This value was obtained from Oliveira – GERFLOR (2010) /22/ and FSC /49/ and validated through site visit observations too.
EBBBSLPat - Sum of (or total) baseline non-CO2 emissions from forest fire at year t in the project area	0 tCO2e	This value is in accordance with the methodology V00015 v1.1 /6/, that is, the no estimation of this parameter in the baseline is conservative. Furthermore this parameter is monitored as EBBPSPAT (see monitored parameters below).
ΔCBSLLKt- Annual carbon stock changes in leakage management areas in the baseline case at year t	0 tCO2e	This value is in accordance with the methodology V00015 v1.1 /6/ as the activities which PP plans to implement in the LMA are educational and NTFP extraction. These activities might use fossil fuel but according to applied meth fossil fuel consumption in AUD project activities is always considered insignificant and must not be accounted. Nevertheless this parameter is monitored as ΔCPSLKt .

All the above mentioned parameters were reassessed by the VVB during the 2nd verification and are in accordance with the applied methodology VM00015. Notwithstanding, some issues were raised for the parameter “Average biomass stock per hectare in the above-ground biomass pool of initial forest classes” (abicl). For more information please refer to CL02 in appendix 1.

The parameters that must be monitored at each new monitoring period and the verification opinion is presented in the table below:

Parameter	Reported value	Verification opinion ²
$\Delta\text{CPAdPat}$ - Total decrease in carbon stock due to all planned activities at year t in the project area	various, please refer to 2nd MR (ref #02)	This parameter is in accordance with the applied methodology VM00015. The VVB assessed the explanation provided by the PP, as well as the adjustments in ex-post calculations. The VVB agrees they are in accordance with the methodology and the recognized technical literature. The new value assumed to calculate decrease in carbon stock due to planned activities in logged forest is appropriated and deemed conservative by the VVB. For more information please refer to CL08 in appendix 1.
$\Delta\text{CPAiPat}$ Total increase in carbon stock due to all planned activities at year t in the project area	various, please refer to 2nd MR (ref #02)	The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. The VVB agrees the values are in accordance with the methodology and the recognized technical literature. The value (0,86 m ³ /ha.year) assumed to calculate increase in carbon stock due to planned activities in logged forest, as well as, other assumptions used to convert m ³ in CO ₂ e, are appropriated and deemed conservative by the VVB. This parameter was based in the official data (Resolution 406 of <i>Conselho Nacional do Meio Ambiente CONAMA</i>) that establishes technical parameters to be adopted in the preparation, presentation, technical evaluation and execution of the Sustainable Forest Management Plan - PMFS for timber purposes, for native forests and their forms of succession in the Amazon biome. The VVB deems the applied values are correct and in line with the VM00015
ΔCPSLkt - Annual carbon stock change in leakage managemen t areas in the project case at year t	various, please refer to 2nd MR (ref #02)	The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. The analysis of this parameter was done through reverse calculations following all the calculation memory presented in the calculation spreadsheet (REF #43), for this parameter. All associated references and assumptions were checked in their respective sources. The VVB deems the applied values are correct and in line with the VM00015
$\Delta\text{CUDdPat}$ Total actual carbon stock	various, please refer to 2nd MR (ref #02)	The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. The analysis of this parameter was done through reverse calculations following all the calculation memory presented in the calculation spreadsheet (REF #43), for this parameter. all associated references

² All the references presented in this column refers to the support documentation of the validation report (ref#13).

change due to unavoids unplanned deforestation at year t in the project area		and assumptions were checked in their respective sources. The VVB deems the applied values are correct and in line with the VM00015										
EBBPSPA - Sum of (or total) actual non CO2 emissions from forest fire at year t in the project areat	various, please refer to 2nd MR (ref #02)	This parameter is in accordance with the applied methodology VM00015, this parameter was calculated based on the emission factor of other non-co2 gases (CH4 and N2O) and multiplied by the total deforested area (assuming that all deforested area is subsequently burned). For more information regarding this parameter, please refer to CL11 in appendix 1										
EgLK t - Emissions from grazing animals in leakage management areas at year t	830.87 tCO2e per year	The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. this parameter was calculated from the emissions from enteric fermentation (CH4) and cattle manure (CH4 and N2O) existing in the leakage zone The VVB deems the applied values are correct and in line with the VM00015										
EADLK t - Total ex post increase in GHG emissions due to displaced forest fires at year t	0 tCO2e	The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. no significant forest fires in the leakage belt area occurred during this monitoring period The VVB deems the applied values are correct and in line with the VM00015										
HI _{icl,t} - Harvesting intensity of timber in forest class icl at year t in the project area due to planned logging activities (i.e.,	<table><tr><th>Year</th><th>HI_{icl,t} (m³/ha)</th></tr><tr><td>2017</td><td>10.34</td></tr><tr><td>2018</td><td>4.84</td></tr><tr><td>2019</td><td>5.18</td></tr><tr><td>Average</td><td>6.42</td></tr></table>	Year	HI _{icl,t} (m³/ha)	2017	10.34	2018	4.84	2019	5.18	Average	6.42	The VVB crosschecked the harvesting intensity of timber comparing the values presented in the PD and those stated in the Sustainable forest management activity reports, such as the annual operational plan and the annual post-harvesting (REF#12, 20, 21 and 37) the values, rationals and equations related to this parameter, was assessed and no inconsistencies were found. The VVB deems the applied values are correct and in line with the VM00015
Year	HI _{icl,t} (m³/ha)											
2017	10.34											
2018	4.84											
2019	5.18											
Average	6.42											

sustainable forest management plan).	please refer to 2nd MR (ref #02)	
LDF - Logging damage factor	1	This parameter is in accordance with the applied methodology VM00015, The value related to decrease in carbon stock due to planned activities in logged forest is appropriated and deemed conservative by the VVB. This was the object of analysis as can be seen in CL08
LTF w - Fraction of wood products that are considered permanent (i.e. carbon is stored for 100 years or more).	0%	Agrocortex divides timber production in commercial groups, which have different rates of commercialization. Each group has a specific durability and lifetime, which mainly depends on the quality and density of the wood. This information is based in the Sustainable forest management activity reports, such as the annual operational plan and the annual post-harvesting (REF#12, 20, 21 and 37). The VVB crosschecked all the values, rationals and equations related to this parameter, no inconsistencies were found. The VVB deems the applied value "0%" for permanent wood products is in line with the VM00015
MAI icl - Mean annual increment at each forest class due to natural regeneration of managed forests following planned sustainable logging activities	0.86 m ³ /ha/year	The VVB checked the value and no inconsistencies was found. The VVB deems the applied value is correct and in line with the reference "BRASIL. Conselho Nacional do Meio Ambiente (CONAMA). Resolution 406, dated 02/02/2009. Diário Oficial da República Federativa do Brasil , Brasília, DF, 06 fev"
MTF w - Fraction of wood products that are retired between 3 and 100 years.	76%	The VVB checked the value and no inconsistency was found. The VVB deems the applied value is correct and in line with the reference "Sustainable forest management activity report" (ref#20)
RFt Risk factor used to calculate VCS buffer credits	10	This parameter was calculated based in the risk assessment (ref# 7 and 6) the assumptions were assessed and deemed applicable by the VVB, however some issues were raised during verification. For more information please refer to CL02, CL04, CL05, in appendix 1.

STF w - Fraction of wood products and waste that will be emitted to the atmosphere within 3 years.	24%	The VVB checked the value and no inconsistency was found. The VVB deems the applied value is correct and in line with the reference "Sustainable forest management activity report" (ref#20).
VEX w,j,icl,t - Volume of timber for product class w, of species j, extracted from within forest class fcl at time t	various, please refer to 2nd MR (ref #02)	The VVB checked the value and deemed correct and in line with the reference "Sustainable forest management activity report" (ref#20). No inconsistency was found.

All the above mentioned parameters were reassessed by the VVB during the 2nd verification and are in accordance with the applied methodology VM00015. For more information please refer to appendix 1.

The VVB understands that the methods and formulae set out in the project description for calculating baseline emissions, project emissions and leakage have been correctly followed in the 2nd monitoring report (REF#43). The same understanding applies to the appropriateness of default values used in the monitoring report.

Documentation crosschecking and spreadsheets formula assessment were undertaken by the VVB in order to confirm that no manual transposition errors between data sets have occurred.

Based in the above-mentioned analysis, the site visits, stakeholders interviews, project documentation review and the CAR and CL resolutions presented in the appendix 1, the VVB is able to confirm with a significantly level of assurance the accuracy of GHG emission reductions and removals, including accuracy of spreadsheet formulae, conversions and aggregations, and consistent use of the data and parameters. The VVB also confirms that GHG emission reductions and removals have been quantified correctly in accordance with the project description and applied methodology.

4.4 Quality of Evidence to Determine GHG Emission Reductions and Removals

The reliability of the evidences and the sources used for the determination of GHG emission reductions were all assessed by the VVB, as well as the information flow from data generation and aggregation, to recording, calculation and final transposition into the monitoring report.

The evidence used to determine GHG emission reductions for the monitoring period was of high quality. A series of workbooks, which contained the high-level calculations for determination of project emissions, leakage emissions and the calculation of GHG emission reductions.

Supporting evidence, includes remotely sensed imagery, data sheets and reports, was made fully available to the audit team, including videos with drone images required by the VVB team and the remeasurement of the inventory plots chosen by the auditor.

In addition, all of the evidence required by the methodology was found to be present during the audit team's review. For more information on this regarding, please refer to section 2.2 and 4.3, above and appendix 1.

4.5 Non-Permanence Risk Analysis

Internal Risks Assessment

Project Management

Item "a" of the project management risk factors is not applicable, since there is no introduction of exotic species, thus, the zero risk rating assumed for this parameter is correct. The same applies to item "b", since the Project had an unplanned deforestation of around 100 ha since the project start date, which means that less than 50% of the carbon stocks are fragile to encroachment by outside actors and, therefore, need active protection.

On this regarding the PP states that Agro cortex performs an active monitoring of unplanned deforestation. Actions include monitoring the area based on satellite images (to detect heat sources and deforestation), airplane surveillance of distant areas and ground surveillance using pickup trucks and boats in areas surrounding established communities.

Item "c", the zero value adopted for the risk rating is also in conformity since the PP also counts with the technical support of the Ecológica Assessoria team under the leadership of Marcelo Haddad, that developed a master thesis entitled: "An analysis of REDD+ mechanisms and their benefits in Brazil"⁶. Ecológica has successfully validated and verified more than 20 voluntary emission reduction projects, including 19 VCS PDs, over nine years. In addition the management team of Agro cortex includes qualified Forest Engineers. This team has been involved in the management of forest operations and on the certification of forest management against the Forest Stewardship Council (FSC),

Despite of no risks been identified in the ambit of project management, the PP highlights in item "e", as a mitigation strategy, the existence of individuals with significant experience in AFOLU

project who have successfully managed projects through validation, verification and issuance of GHG credits under the VCS Program, as presented above. The PP also presents the application of the SOCIALCARBON® Standard, as a strategy of risk mitigation, (item “f”), once this tool specifies, processes for monitoring progress and documenting lessons learned or corrections that may be needed.

Based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter: -4 (0 risk score for risk factors “a” to “d”, plus -4 mitigation score, considering both applicable mitigation strategies). The above mentioned approach is deemed reasonable and applicable to the project scenario. For more information on this regarding, please refer to REF#42.

Financial Viability

Regarding to the Financial Viability risks assessment, the PP states that the Project Calculations of cash flow breakeven point revealed that it would be attained in 2022, which is less than 4 years from the current risk assessment.

Also states that the project currently has secured funds to cover part of its expenses, but the amount secured represents less than 15% of the funding needed to cover the total cash out before the project reaches breakeven, thus the score for this parameter was set in “3”.

As mitigation strategy the PP explains that the shareholders of Agrocortex Madeiras do Acre Agroflorestal Ltda (Corporación Masaveu, Kendall, Agroview Participações e Empreendimentos LTDA and R. Capital SGPS, S.A.) have confirmed they are able and willing to provide the financial resources needed to fund Agrocortex operations at least 50% of the funding requirements until the operation reaches breakeven are available. For more information on this regarding please refer to CL03

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter (1), as reasonable and applicable to the project. For more information please refer to REF#42 and appendix 1.

Opportunity Cost

In this section of the risk assessment the risk factors “a” to “e” are not applicable to the project. In this section the PP states that the NPV from the project activity is expected to be - considering

the carbon credits revenues - at least 50% more profitable than the most likely alternative land use activity (implementation of a sustainable forest management plan, without FSC-certification), thus the risk score was set in “-4”. For more information on this regarding, please refer to CL03 and REF#42.

As one of the mitigation strategy (risk factor “g”) the PP states that, despite of Agrocorrex is a for-profit company, its major shareholder is Corporación Masaveu, which is mainly composed by Fundación Maria Cristina Masaveu Peterson, a non-profit organization based in Madrid, Spain. Such Foundation is dedicated to cultural projects, focused on the diffusion, conservation and recovery of historical heritage, professional training of young workers and scientific research. Based on this assumption the score of -2 was assumed. For additional information on this regarding, please refer to CL03.

As the second mitigation strategy (risk factor “h”), the PP explain that the project is protected by legally binding commitment to continue management practices that protect carbon stocks, and will certainly renew the SFMP after the end of the 30-year forest management.

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter, as reasonable and applicable to the project as follow: -4 for risk factor “f”; -2 for mitigation factor “g” and -2 for mitigation factor “h” totalizing -8 for opportunity cost risk assessment. For more information please refer to REF#42 and appendix 1.

Project Longevity

Regarding to the project longevity risks assessment, the PP explain that Corporación Masaveu (its major shareholder, please refer to CL03) believes that Agrocorrex is an important project for the conservation of the Amazon biodiversity while generates alternative income sources for local communities through the certified sustainable forest management. They also confirm that they are able and willing to continue to fund Agrocorrex’s operations beyond the first cutting cycle. Therefore, Agrocorrex confirms that will continue the management and conservation practices for at least the end of the second cutting cycle, which represents a total 60-year management period, i.e., at least until 2072.

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to

support the applied risk score of this parameter (1), as reasonable and applicable to the project. For more information please refer to appendix 1.

Considering the abovementioned analyses the total internal risk was set as 1.

External Risks Assessment

Land Tenure and Resource Access/Impacts

Regarding to the Land Tenure and Resource Access risks assessment, the PP reports that:

- both ownership and resource access/use rights are held by the same entity. Agrocortex Madeiras do Acre Agroflorestal Ltda.
- Even though there was small illegal deforestation during the monitored period, which are lesser than 5% of the project area, there are no disputes over land tenure or land ownership within the project area.
- There are no disputes over access/use rights (or overlapping rights) within the project area. In addition, a portion of land measuring 3,690.22 ha located on the southern portion of Fazenda Seringal Novo Macapá was excluded from the Project Area, as it is expected that the ownership of this area will be transferred to the local community in the near future.

Regarding to the mitigation strategies for Land Tenure and Resource Access, the PP reinforce that the project is protected by legally binding commitment to continue management practices that protect carbon stocks over the length of the project crediting period

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter (0), as reasonable and applicable to the project. For more information please refer to appendix 1.

Community Engagement

Regarding to the community engagement risks assessment, the PP states that There are no communities or households living within the project area, in the other hand there are 95 families living around the Project Area. Surveys were conducted with all of these families in a way that Agrocortex could mitigate impacts and create positive dialogues and partnerships with them.

This assessment concluded that 58 families were reliant on the project area for food, water or

to perform economic, social or cultural activities. All 95 families have been consulted on potential social and environmental impacts resulting from the forest management performed by Agrocortex. Regardless the absence of population within the project area, the PP adopted some mitigation strategy regarding community engagement, as follow:

A proportion of funds from the sale of carbon credits will be used for socially and environmentally beneficial programs run within the leakage management area.

Improve and quantify the social and environmental benefits through application of the SOCIALCARBON® Methodology

Finally the PP highlights that the FSC certification combined with the SC methodology is supposed to help to demonstrate social and environmental benefits beyond GHG emissions reductions or removals.

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter (-5), as reasonable and applicable to the project. For more information please refer to appendix 1.

Political Risk

Regarding to the project management risks assessment, the PP has found The mean of Governance Scores across the six indicators of the World Bank Institute's Worldwide Governance Indicators (WGI), averaged over the most recent five years of available data (between 2014 and 2018) for Brazil was equal to -0.16 (score 2)

As mitigation approach the PP states that the host country is implementing REDD+ Readiness activities and The Project Area is located in the States of Acre and Amazonas. Both states/jurisdictions participate in the Governors' Climate and Forest Taskforce – GCF (score -2).

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter (0), as reasonable and applicable to the project. For more information please refer to appendix 1.

Considering the abovementioned analyses the total external risk was set as 0.

Natural risk assessment

Natural Risk (e.g., Fire, Pest and Disease outbreaks, Extreme Weather)

Fire

The PP assumes the fire risk as being insignificant, once Agro cortex management team performs active monitoring of fires on the Project Area based on PRODES and aerial surveillance, in addition PP states that Data from INPE indicates the Project Area is located in an area where fire risk is considered low and where no large-scale fire was detected from 2005 to 2019. As presented in the non-permanence risk report (ref#16), INPE sources report that the project area is within a minimal-low fire risk region. No large-scale fire was detected from 2005 to 2019 within the Project Area. Furthermore, no fire occurrence was reported by the project owner and the management team during this monitoring period. Notwithstanding the PP adopted a conservative assumption, considering the fire likelihood in a period of less than 10 years. Thus the score for fire risk was set in “2”

As mitigation strategy regarding fire risks the PP has adopted the following measures:

- forest fire prevention and firefighting training with all management personnel (invites were also sent to local communities),
- training of fire brigades, periodic maintenance of fire extinguishers, periodic maintenance of forest machinery, utilization of signs indicating the area of forest management, prohibition of fire, and periodic monitoring by satellite images of the entire project area.

Based in the abovementioned the likelihood and significance score “2” and mitigation 0.5 the final score for fire risk was set in 1.

based on the documentation review and data provided (please refer to section 2.2 of this report), the stakeholders interviews (please refer to section 2.3 of this report), as well as ecological observations and fire registries, the VVB team deems the rationale, assumptions and justification adopted to support the applied risk score of this parameter, as reasonable and applicable to the project. For more information please refer to REF#42 and CL 03 and CL 04 of appendix 1.

Pest and Disease Outbreaks

Regarding to pests and disease, the PP assumes it is not supposed to cause any loss to the carbon stocks in the Project Area, once there is no record of any pest and disease outbreak in the project area.

There was no record of any pest and disease outbreak in the project areas of the Agro cortex REDD Project for this monitoring period. The PP also reinforce that the area is covered by 100%

Amazon rainforest. Therefore, a likelihood of once every 50 to less than 100 years was considered. The score for this parameter was set as “0” and No mitigation measures are taken to address this matter.

Extreme Weather

As presented in the risk report (ref#16), The significance of extreme weather was determined using a search of the Brazilian National Institute of Meteorology¹⁵. Wind records during the available reference period (2017–2019) show that the categories of tropical storm or hurricane were never reached in the meteorological Station located in the municipality of Boca do Acre, Amazonas. In addition, Espirito-Santo et al. (2010)¹⁶ found that blowdowns affect a relatively small proportion of overall forest area (~0.02%). Moreover, blow-down disturbance events do not make an important direct contribution to carbon dioxide emissions. Also, the project region is not affected by extreme drought events. For these reasons, this risk was considered to be insignificant.

According to the risk report, no extreme weather events damaging the project area were reported in the interview with the project owner and his team for this monitoring period.

Furthermore, the project region was not affected by extreme drought events during this monitoring period. The area is not subject to such events, as indicated by neutral-positive values on the Palmer Drought Severity Index²⁰.

Therefore, a likelihood of once every 10 to 25 years was considered for this parameter, what is deemed conservative by the PP.

The score for this parameter was set in “1” and no mitigation measure was adopted for this matter.

Geological Risk

As per risk report (ref#16), no geological events damaging the project site were reported by the Agro cortex management team or in source searches. The Preliminary Seismic Hazard Model for South America prepared by a group of experts from the Regional Seismological Center for South America - Centro Regional Sismological para América del Sur (CERESIS), the U.S. Geological Survey (USGS) and the Global Earthquake Model (GEM) place the project region in an area of low hazard.

No geological events damaging the project site were reported by the Agro cortex management team or in source searches. Furthermore, the Preliminary Seismic Hazard Model for South America prepared by a group of experts from the Regional Seismological Center for South

America - Centro Regional Sismological para América del Sur (CERESIS), the U.S. Geological Survey (USGS) and the Global Earthquake Model (GEM) place the project region in an area of low hazard²¹.

Moreover, the project region was not affected by extreme landslide events during this monitoring period. For these reasons, this risk was considered to be insignificant.

The project area is located in a stable geological area with no faults. the average altimetry is about 200m and the topography does not present large irregularities. Based on this there is a minimal risk of landslides within the project area. In addition, such event has never happened according to the project owner and his management team. Therefore, a likelihood of once every 50 to less than 100 years was considered.

Based on the documentation review and data provided (please refer to section 2.2 of this report), stakeholders interviews (please refer to section 2.3 of this report), as well as field observations, the VVB team deems the rationale, assumptions and justification adopted to support the risk scores and mitigation scores, reasonable and applicable to the project. For additional information regarding the verification of this risk component, please refer to CL05

Regarding to the overall risk rating, the VVB certifies that all the documentation referring to risk analysis was observed and analyzed in view of the specific parameter to which it referred. In addition, the site visit occurred after the documentary analysis, so that aspects referring to risk analysis were also addressed in the interviews and site observations. Thus, the VVB certifies that the final score reflects the reality of the project for the monitored period, and understands that the scores 0 for internal risk and external risks, as well as value 3 for natural risks reflect the field reality. The final score reached by the PP in the risk assessment, 10 (the minimum buffer established by the standard VCS) is applicable.

Based in the above-mentioned analysis, the site visits, stakeholders interviews, project documentation review and the CAR and CL resolutions presented in the appendix 1, the VVB is able to confirm with a significantly level of assurance the overall risk rating determined by the project proponent is credible and does not underestimate the project risks.

4.6 SOCIALCARBON Results

4.6.1 Social Resource

Indicator	Women inclusion
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Situation	Agrocortex established a partnership with the government to donate wood residues to the Artisans association, stimulating the production of handicrafts. The program helps 40 artisans, indirectly benefiting 250 families. According to Sebrae, research, there are around 1,800 artisans in Acre registered in the Government database, and an estimate of 4,000 people producing handicrafts in the State. According to this same source, 72% of the artisans in Acre are women, and this activity represents the main income source to more than 50% of the artisan’s families in the State, which indicates the importance of this activity. The company employed seamstress from Manuel Urbano in the manufacture of uniforms, as a measure for increasing opportunity for women and using local community services. The company’s staff is composed by 69 employees, 11 of them are women.					
There are no initiatives related to women inclusion.	There are plans to implement actions to promote women inclusion in the community activities.	There are campaigns aiming to promote women inclusion in the community activities.	There are monitored programs to promote women inclusion in the community activities.	In addition to the previous scenario, there are positive results related to women inclusion in the communities .	There is no barrier and women are fully integrated into the community.	
Score	3					
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). In addition, PP has provided several documents (ref#38) proofing the wooden donation. This documents also support the assumption that the wood residues donation to the Artisans association is able to promote the women inclusion, once, according to the Sebrae, 72% of the registered artisans are women. Based on that the VVB understands the PP approaches and assumptions for this section, for more information on this regarding. Please refer to CL07.					
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.					

Indicator	Expansion of community activities					
Situation	According to the social impact studies, there are communities from 9 localities, totalizing 95 families affected by the project. Agrocortex is in constant communication with the local government, signing partnerships to benefit the community: - Partnership with the State of Acre's government to reduce bureaucracy and expand the production and generation of income and work. It generates 300 direct and indirect jobs, being 600 during high production; - Partnership with the government to donate wood residues for the Artisans Association, stimulating the production of handicrafts. The program helps 40 artisans, indirectly benefiting 250 families. The Sustainable Forest Management Plan with FSC incorporates alternative income into the community. 100% of the activities are developed with the local community. At the Fire training and CIPA activities (workplace safety), the company hired members from the 10 neighboring communities, although there is no control of the directly affected. First aid and reduced impact logging trainings are also offered to the community. Furthermore, the local commerce is stimulated with the purchase of local products whenever possible Local meetings are made with three communities (São Salvador, Oriental e Itaúba), in addition to one in the city of Manoel Urbano, in which discussions are made about important subjects of the project and the Agrocortex company: Social impact, trainings, communication channels and the Sustainable Forest Management Plan public summary.					
There are no social activities to the surrounding community.	There are social activities that reach at least one community.	There are social activities that reach up to three communities .	There are activities that reach up to five communities .	There are activities that reach up to eight communities .	Social activities reach 100% of the communities affected by the project	
Score	3					
Justification	The audit team during the site visit has undertaken several field visits including the surroundings communities, has interviewed stakeholders (please refer to section 2.3) and revised the documents provided by the PP regarding to this indicator (please refer to sections 2.2, and 2.4 of this					

	report). Based on that the VVB understands the PP approaches and assumptions for this section are correct. For more information about verification of these SC indicator, please refer to CAR 06 and CL 03
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.

Indicator	Associations and Cooperatives					
Situation	Employees and local community have associated with: - Artisans Association - SINTIACRE – Sindicato dos Trabalhadores Industriários do Acre (Union of industrial workers in Acre) - SINDUSMAD – Sindicato da Indústria Madeireira do Estado do Acre (Union of the timber industry of the State of Acre)					
Absence of associations and cooperatives; individual action predominates .	Attempts to form associations or cooperatives have been made, meetings are informal.	An association or cooperative is regularly attended and formally registered; however, there are no recognized leaders within the community.	An association or cooperative is regularly attended and formally registered, and there are recognized leaders from the community.	In addition to the previous scenario, there is a formally registered, regularly attended association or cooperative that is generating positive results for the community (e.g. objectives have been achieved).	In addition to the previous scenario, the association/ cooperative is independent (not in need of external support).	
Score	3					
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this					

	report). Based on that the VVB understands the PP approaches and assumptions for this section are in line with the applied score, For more information about verification of these SC indicator, please refer to CAR 06 and CL 03.
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. . For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.

4.6.2 Human Resource

Indicator	Conflict management				
Situation	Agrocortex has the legal title of the land, however some communities have been living in the area for many years. They have a land ownership document, which has no legal value. In order to solve this conflict due to land tenure, Agrocortex decided to donate the land where each family lives including 80% more forested areas, which will be the legal reserve of each property. In 2017, the company started to map the communities and to demarcate the land for each family. 25 owners already have their territory mapped. Furthermore, Agrocortex will conduct all the procedures to legalize the land of each family. The company maintains the regularization process of the surrounding communities and invasion areas. There was no conflict with the community during the period.				
There are no actions related to conflict management.	There are actions related to conflict management however they are informal	There are procedures to identify AND deal with conflicts	In addition to the previous scenario, all conflicts identified are being treated and monitored. Efforts are carried out to ensure that they will not be repeated.	In addition to the previous scenario, the company has preventive actions to prevent the emergence of new conflicts, e.g. the company provides a team to gather opinions and	In addition to the previous scenario, the local community is satisfied with community activities.

				solve conflicts.	
Score	4				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section is correct and in line with the applied score, For more information about verification of these SC indicator, please refer to CAR 06 and CL 03				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	Public health				
Situation	The company offered lectures on domestic violence and first aid training for the surrounding communities and employees. A vaccination campaign was also promoted.				
There are no actions related to public health.	There are isolated initiatives, which have little impact, in the public health area, for example: distribution of information pamphlets.	There are lectures OR campaigns to create awareness in the communities and prevent themes related to public health (e.g. prostitution, violence against women, alcohol abuse, drug use, among others).	There are lectures AND campaigns to create awareness in the communities and prevent themes related to public health (e.g. prostitution, violence against women, alcohol abuse, drug use, among others).	In addition to the previous scenario, the company monitors public health problems in the communities affected by the project.	In addition to the previous scenario, there are actions to solve the public health problems.

Score	4
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score.
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.

Indicator	Community education and training					
Situation	Agrocortex offers the “Jovem Aprendiz” (young apprentice) initiative, project that creates job opportunities for the young people at risk and vulnerability situations. The program is an alternative income source for the young adults of the region, offering jobs inside the company and a chance to learn, in practice, about sustainable management, FSC, forest conservation, etc. During the monitoring period, the following trainings and lectures were held, to employees and community: ● Planning and construction techniques for yards, roads, and forest management infrastructure. ● Special tree cutting techniques and safe forestry handling. ● Planning and dragging techniques in forestry handling. ● Training in the use of GPS equipment. ● First aid training. ● Formation of a fire brigade. ● Clarification lecture on labor legislation. ● Lecture to clarify forest management and the legislation related to the management. ● Lecture on the importance of conservation of threatened species of fauna and flora. ● Lecture on Agrocortex’s High Conservation Values. ● CIPA training on workplace security					
There are no education and training activities.	There are no education and training activities, however the	The company offers an education / training activity in ONE of the	The company offers an education / training activity in TWO of the	The company offers an education / training activity in	In addition to the previous scenario, the company simulates entrepreneurship	

	company promotes lectures on	following areas: - alternative income sources	following areas: - alternative income sources	the following areas: - alternative income sources	p (e.g. support, lectures,
Score	4				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

4.6.3 Financial Resource

Indicator	Alternative income sources				
Situation	The company hires community members to work in the Sustainable Forest Management Plan with FSC. Agro cortex is Manoel Urbano's largest employer and one of the largest in the State of Acre. Agro cortex also has the "Jovem Aprendiz" (young apprentice) initiative, project that creates job opportunities for the young people at risk and vulnerability situations. Furthermore, the company invests in local economy as the purchase of products and services are made through local producers, in a radius of approximately 250 km.				
The project does not generate any alternative income sources for the local communities.	The project generates one alternative income source for the local communities	The project generates two alternative income sources for the local communities	The project generates three alternative income sources for the local communities	The project generates four alternative income sources for the local communities	The project generates more than five alternative income sources for the local
Score	3				

Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score. For more information regarding to this indicator, please refer to CL03
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.

Indicator	Carbon credit benefits					
Situation	100% of all credit sales are invested in Agro cortex’s operation and social and environmental benefits. Carbon credits are important to maintain important activities, such as: payment of wages, maintenance of operations, social and environmental initiatives and benefits, donations in partnership with the State and municipality’s government, land demarcation process for each family within the rural property Fazenda Seringal Novo Macapá, geoprocessing techniques to locate the selected trees for cutting, and plan the infrastructure construction in each annual production unit, purchase of local commerce products, production of native tree seedlings in two tree nurseries and plantation in harvested areas inside the SFMP, fauna monitoring to evaluate the impacts of the SFMP on the local fauna, FSC certifications, carbon project costs, among others. Furthermore, the project generates about 200 direct jobs and 100 to be generated by the multiplier effect, totaling 300 direct and indirect jobs, causing a very positive impact on the local economy of the municipality of Manoel Urbano / AC and surroundings. All workers, including outsourced workers, are hired in accordance with labor and social security legislation. Currently, of all the employees that Agro cortex employs in management and industry activities, 60% come from communities surrounding the project area. It is important to note that most of the municipalities in the reference region have a Very Low Human Development Index (HDI), i.e., Pauini has a very poor positioning, as it placed 5538th of 5565 Brazilian municipalities, while Manoel Urbano in the 5186th. All revenues from carbon credit sales are invested in Agro cortex’s operation and social and environmental benefits. Between 2017 and 2019, a total of 5,550 credits were sold to national and international companies, resulting in revenues of US\$ 19,000, which were fully integrated into the company’s working capital used to maintain the activities listed above. Moreover, carbon credits are also important to help in the maintenance of FSC certification, as it is very difficult to compete with illegal logging in Brazil.					
The income generated by carbon credit sales was not	Less than 20% of the income generated by	Between 20 and 40% of the income generated by	Between 40 and 60% of the income generated by	Between 60 and 80% of the income generated by	Between 80 and 100% of the income generated by	

distributed to the carbon project or in the community, or there are no organized controls of the	carbon credit sales was distributed to the carbon project or in the community development	carbon credit sales was distributed to the carbon project or in the community development	carbon credit sales was distributed to the carbon project or in the community development	carbon credit sales was distributed to the carbon project or in the community development	carbon credit sales was distributed to the carbon project or in the community development
Score	6				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score. For additional information on this regarding please refer to CL03.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	Securing of funds				
Situation	The project was subscribed to Partnership for Forests (P4F) but was not accepted. It was subscribed and accepted in the Compromisso com o Clima Platform being evaluated the best forest project, and sales and negotiations have already been concluded.				
The project proponent does not take any action to secure funds.	The project proponent participates in programs/ requests for proposal; however no funding has been secured so far.	The project proponent participates in programs/ requests for proposal, and has secured funding, and initiatives have been put into practice.	The project proponent participates in programs/ requests for proposal, and has secured funding, and initiatives have been put into practice. In	The project proponent participates in programs/ requests for proposal, and has secured funding, and initiatives have been put into practice. In	As well as the previous scenario, at least one of the initiatives undertaken is financially self-sufficient, not requiring any further

		However, the latter were inactive or nonexistent in the period analysed.	the period analysed at least one initiative is operating.	the period analysed, more than one initiative is operating, however the latter are not self-sustaining (they require funding to continue).	funding to continue.
Score	4				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41.. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

4.6.4 Natural Resource

Indicator	Land tenure
Situation	There are conflicts in the property area due to land tenure. Agro cortex has the legal title of the land, however some communities have been living in the area for many years. They have a land ownership document, which has no legal value. In order to solve this conflict due to land tenure, Agro cortex decided to donate the land where each family lives including 80% more forested areas, which will be the legal reserve of each property. Furthermore, Agro cortex will conduct all the procedures to legalize the land of each family. Agro cortex started a dialogue to solve this land tenure conflict. Some meetings were held with some community members. It is important to note that this land tenure conflict area is not part of the Agro cortex REDD Project area. However, there were invasions in the Agro cortex Area during the period. A Work Plan and Term of Commitment with IBAMA were carried out to identify deforesters and the deforested areas. Visits to the communities were conducted to identify the invaders, but this initiative was not successful.

	In 2019, a list of invaders was identified, which was sent to IBAMA together with a map of deforested areas, in order to identify the authors of the illegal deforestation within the property.				
There are protests in the project area due to problems with land tenure.	The company has conflicts related to land tenure, and has no actions addressed to solve them.	The company has conflicts related to land tenure and started a dialogue to solve them.	The company has conflicts due to land tenure and is in the process of solving them.	Part of land tenure proceedings has been concluded and the owners already have the terms of concession and the legal land title as well as right to use those localities.	All land tenure proceedings are concluded and the owners already have the terms of concession and the legal land title as well as right to use those localities. Beyond that, the company monitors the management plan area to avoid new land occupation.
Score	3				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct. For additional information regarding the verification of this SC indicator, please refer to CL 10				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				
Indicator	Social and environmental investments				
Situation	Education - Agro cortex offered workplace security, first aid and fire trainings for the community. Alternative income - The company established a				

	partnership to donate wood residues to the Artisans association, stimulating the production of handicrafts, in addition to the creation of job opportunities for the young adult and adult population under the “Jovem Aprendiz” (young apprentice) program and in the SFMP itself. The company has agreements with universities such as the Federal University of Acre (UFAC), Escola Superior de Agricultura Luiz de Queiroz, from University of São Paulo (ESALQ-USP) and the Federal University of Paraná (UFPR). It is an important partnership to exchange experiences, mutual assistance and to promote knowledge and education for society. Infrastructure - Loan of heavy machinery to the municipality of Manoel Urbano to repair streets and highways in the region; Donation of wood to families victims of a flooding in Cruzeiro do Sul, city 632 km distant from the State’s capital.				
There are no actions related to socio-environmental investments.	The company has social-environmental actions for at least one of the following topics: - education; - alternative income generation; - environment; - sport; - infrastructure.	The company has social-environmental actions for two of the following topics: - education; - alternative income generation; - environment; - sport; - infrastructure.	The company has social-environmental actions for three of the following topics: - education; - alternative income generation; - environment; - sport; - infrastructure.	The company has social-environmental actions for four of the following topics: - education; - alternative income generation; - environment; - sport; - infrastructure.	The company has social-environmental actions for all of the following topics: - education; - alternative income generation; - environment; - sport; - infrastructure.
Score	4				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and the selected score is in line with the field and documents observations. For additional information regarding the verification of this SC indicator, please refer to CL03				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	Quality control					
Situation	During this monitoring period, two external companies were hired to conduct the internal audit before the third-party audit of the FSC certification and IBAMA to guarantee the SFMP quality. The FSC/Imaflora certification provides the confirmation that the company accomplishes a sustainable and responsible forest management.					
There are no actions to ensure quality control of the management plan operations.	There are plans to implement quality control actions of the management plan operation.	There is quality control actions of the management plan operation in place, however failures exist (e.g. the team can only identify problems of low difficulty).	There is quality control actions of the management plan operation in place, however failures exist (e.g. the team can identify problems of low and moderate difficulty).	There is quality control actions of the management plan operation in place, however failures exist (e.g. the team can identify problems of low, moderate and high difficulty).	There is a quality control team, and the problems are identified and solved.	
Score	6					
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct, as well as the applied score					
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.					

4.6.5 Biodiversity/Technology Resource

Indicator	Non-timber forest products (NTFPs)
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Situation	Non-timber forest products are used mainly for subsistence purposes. The community maintains a small production of cassava flour, <i>copaíba</i> oil and <i>açaí</i> , which is used for sale and exchanges for other supplies				
Non-timber forest products are used exclusively for subsistence purposes.	Non-timber forest products are traded in/around the project area, however without sustainable practices.	Non-timber forest products are traded in/around the project area, with sustainable practices in use.	As well as the previous scenario, there are studies and plans with the community in order to determine the available volumes, use, distribution, regeneration and conservation of non-timber forest products.	As well as the previous scenario, there are partnerships to exploit the business potential of non-timber forest products in/around the project area.	As well as the previous scenario: There is equitable distribution of the benefits of non-timber forest products. Or there are facilities to add value to non-timber forest products in/around the project area.
Score	2				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct, as well as the applied score that reflects the field reality observed by the VVB team				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	14. Biodiversity monitoring
Situation	Flora monitoring is made through the Impact Assessment Report on Permanent Plots, made in 2019, and the Forest Inventories, made annually. - Fauna is monitored through the Fauna Report, last edition made in 2016.

There is no process of identification and monitoring of fauna and flora, nor cataloguing of timber.	There are plans to implement identification and monitoring of fauna and flora.	There is monitoring and identification of fauna AND flora.	There is monitoring and identification of fauna AND flora annually.	In addition to the previous scenario, there is botanical collection of flora and herbarium.	In addition to the previous scenario, there is a catalogue of identified woods (xiloteca).
Score	3				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the information presented by the PP in this section reflects the currently state of the biodiversity monitoring. The applied score is also in line with the VVB field observations and documents review.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	15. Impact on remaining flora:
Situation	The company developed an Impact assessment report on permanent plots to evaluate the conditions of the remaining flora. The report analyzed the floristic composition, diversity, and structure of the forest of tree individuals inventoried in the 17 plots installed in 2019. The study concluded that the forest presents high index of pioneer species, result of the area's forest typology, which in almost its entirety is categorized as Open Ombrophylous Forest with bamboo. The forest appears to have few tree individuals of commercial value. During the monitored period, a tree nursery was constructed within the forest management area. The nursery has a capacity of 7,000 seedlings for each planting cycle, and with the plan to carry out at least 3 cycles per year, the total production for the year of 2020 will be of 12,250 seedlings. In 2017, a partnership with "Viveiro da Floresta" was made to collect seeds and exchange seedlings of native species. Enrichment plantings were carried out along the open roads and in clearing areas. In 2019, the forest enrichment planting team centralized efforts to implement another tree nursery in a space of the industry's living area. The nursery was

	built with a capacity of approximately 5,000 seedlings per planting cycle; with a plan to carry out at least 3 cycles per year, the nursery would produce 15,000 seedlings of various species. During 2019, enrichment and restoration with native species started within the forest management area and at the water springs of the Macapá stream, with the plantation of mahogany and other native species seedlings.				
There are no actions related to monitoring the impacts on the remaining flora.	There are plans to implement impact monitoring on the remaining flora.	The company is monitoring the impact on the remaining flora by one of the following operations: - Court . - Drag - Road	The company is monitoring the impact on the remaining flora by two of the following operations: - Court . - Drag - Road	The company is monitoring the impact on the remaining flora by all of the following operations: - Court . - Drag - Road	In addition to the previous scenario, the company has measures / initiatives to reduce its impact on the remaining flora.
Score	5				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref#9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

4.6.6 Carbon Resource

Indicator	16. Buffer reduction				
Situation	In the current monitoring period, the buffer was 10%. The reduction in the buffer is mainly due to the increase in the project's longevity, which was previously 30 years, and will be extended with the renewal of the SFMP for another 30 years, until 2072. Thus, the project's longevity would be at least 58 years, from 2014 to 2072.				
The buffer is higher in the current monitoring	The buffer reduced by 0 to 5% compared to	The buffer reduced by up to 10% compared to	The buffer reduced by up to 15% compared to	The buffer reduced by up to 20% compared to	The buffer reduced by more than 20%

than in any other monitoring period (or compared to the PD).	the previous monitoring period (or compared to the PD).	the previous monitoring period (or compared to the PD).	the previous monitoring period (or compared to the PD).	the previous monitoring period (or compared to the PD).	compared to the previous monitoring period (or compared to the PD). Or The buffer is currently at the minimum V-C-S requirement.
Score	2				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score. For additional information regarding the verification process of this SC indicator, please refer to CAR12, CL03 and CL04				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	17. Stakeholder consultation
Situation	A local stakeholder consultation was held in 2017 for the project's validation. Suggestion boxes were placed in the community and inside the factory. However, this was not an effective measure for collecting the stakeholders opinions, which was also confirmed by the FSC certification report of 2016. Thus, in 2017 the suggestion boxes were substituted by a satisfaction form applied by the Agro cortex team to stakeholders, which was also not effective. Then, the best identified procedure to collect opinions and comments from stakeholders was through physical meetings with employees and community leaderships. During the current monitored period, 11 notes were collected, all of them by phone or by physical meetings, and the requests were fulfilled. Periodic meetings are held with the local government of Manoel Urbano. In addition, FSC holds annual meetings at the city to collect information about the project, without the participation of Agro cortex representants.

Public summary reports are sent annually to all Stakeholders through e-mail, as part of the FSC certification; feedback requests are also made through email or phone. The email comunidades@agrocortex.com is also an open channel for communication with the local stakeholders.					
During the time period analyzed, the company did not conduct a stakeholder consultation regarding the carbon project.	During the time period analyzed, the company conducted an informal stakeholder consultation regarding the carbon project.	During the time period analyzed, the company conducted a formal stakeholder consultation regarding the carbon project and all comments were registered.	During the time period analyzed, the company conducted a formal stakeholder consultation regarding the carbon project and all comments were registered. At least one of the suggestions was addressed.	In addition to scenario 4, the company conducted systematic stakeholder consultation surveys.	In addition to scenario 5, the company has organized planning to implement stakeholder suggestions.
Score	3				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score. For additional information regarding the verification process of this SC indicator, please refer to CL01				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 9, 10, 14, 15, 19, 32, 33, 34, 38, 39 and 41. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

Indicator	18. Project performance
Situation	Net anthropogenic GHG emission reductions verified in the Monitoring Report: 1,313,053 Net anthropogenic GHG emission reductions estimate in the VCS PD:

	1,303,593 Project performance: 100.7% The Project performance was great, with the generation of carbon credits exceeding the estimated in the VCS PD.				
Not successful: 0% of carbon credits predicted for the period were generated.	Very Low: 1% to 25% of carbon credits predicted for the period were generated.	Low: 26% to 50% of carbon credits predicted for the period were generated.	Reasonable: 51% to 75% of carbon credits predicted for the period were generated.	Good: 76% to 95% of carbon credits predicted for the period were generated.	Excellent: More than 95% of carbon credits predicted for the period were generated.
Score	6				
Justification	The audit team during the site visit has undertaken field visits, interviews with stakeholders and revision of the documents provided by the PP regarding to this indicator (please refer to sections 2.2, 2.3 and 2.4 of this report). Based on that the VVB understands the PP approaches and assumptions for this section are correct and in line with the applied score. For additional information regarding the verification process of this SC indicator, please refer to CAR 01, 02, 04, 05, 07, 08, 10 CLO8 and 12.				
Evidence	Evidences collected during the site visit through field observations, stakeholders interviews and desk review of the documents ref# 2, 3, 6, 7, 16, 17, 28, 29, 36, 40, 42, 43 and 44. For more details please refer to sections 2.2, 2.3, 2.4 and appendix 1 of this report.				

5 ANALYSIS OF SOCIALCARBON RESULTS

5.1 Current Performance

Resource	Critical	Satisfactory	Sustainable	Average Score	Performance
Social	0%	100%	0%	3.0	Satisfactory
Human	0%	66.7%	33.3%	4.3	Satisfactory
Financial	0%	66.7%	33.3%	4.3	Satisfactory
Natural	0%	66.7%	33.3%	4.3	Satisfactory

Biodiversity/Tech	33.3%	33.3%	33.3%	3.3	Satisfactory
Carbon	33.3%	33.3%	33.3%	4.0	Satisfactory

The social carbon parameters were assessed by the audit team by document review (please refer to sections 2.2), site visit observations (please refer to sections 2.4) as well as interviews with project stakeholders, as local communities living next the project area, partners and local institutions (please refer to sections 2.3). Based on the analysis the VVB understand that the project concept was well developed and has great potential to reach the sustainability and becoming an example of successful REDD case, however, still has some issues to overcome. The VVB identified that the main weakness, that can affect negatively its performance in the future, is the land demarcation process of the local residents, living within the Agro cortex property, that had been temporarily interrupted in 2019. For additional information, please refer to CAR 06 and FAR 03.

On the other hand, the validation team believes that, despite of this issue still pending solution, the project presented an effective governance, benefiting not only the project proponent with carbon revenues, but also the communities living within the property.

5.2 Historical Performance

Social	Point Zero	Point One	Point Two	Point Three
	1.3	3.0	-	-

Historic Analysis: In Point Zero, there were few actions focused on local communities, such as monitoring of social impacts and promotion of a training activity in sustainable forest management to local residents. The low social performance was expected since the document was developed together with the 1st Monitoring Report and had not generated/sold carbon credits at that moment. During the current monitoring period, partnerships with the local government were made to expand employment opportunities for the local community, in addition to donations of resources for local crafts and production. The employment of woman was also stimulated with donations to artisans and the hiring of women from the community to manufacture the company's uniforms.

Human	Point Zero	Point One	Point Two	Point Three
	2.3	4.3	-	-

Historic Analysis: In the current monitoring period, Agro cortex developed lectures on domestic violence, first aid courses, fire training, etc to employees and local community. Job

opportunities and forest management trainings were also offered. In addition, they advanced in the regularization activities of land ownership with the local community. It is a great advance when compared to Point Zero, where few activities related to the resource were carried out.

Financial	Point Zero	Point One	Point Two	Point Three
	1.7	4.3	-	-

Historic Analysis: Agrocortex still purchases products from local producers, aiming to encourage trade in the vicinity. The company is still the largest employer in the region and offers employment opportunities to the local communities. In comparison to Point Zero, the company sold carbon credits and invested its profit in the development and maintenance of the project, in addition to benefits to the community. The project has also participated in requests for proposals and was accepted in one.

Natural	Point Zero	Point One	Point Two	Point Three
	2.7	4.3	-	-

Historic Analysis: Agrocortex maintains the efforts mentioned in Point Zero, related to the regularization of communities' land title. The company has also started, in this monitoring period, a cycle of lectures and training for employees and the local community. A major advance was the realization of the proposed perspective, i.e., internal and external audits to maintain the quality control of the SFMP activities.

Biodiversity	Point Zero	Point One	Point Two	Point Three
	1.7	3.3	-	-

Historic Analysis: During this monitoring period, the company began to study alternatives to expand the exploration of non-timber forest products, implemented impact assessment due to SFMP activities and conducted the monitoring of fauna and flora within the project area. It is also expanding production in its nursery, seeking to enrich exploited and native species. It can be considered an improvement over Point zero, where the fauna cataloguing was made.

Carbon	Point Zero	Point One	Point Two	Point Three
	2.7	4.0	-	-

Historic Analysis: The Carbon resource had one of the best performances of the current Report due to Project Performance indicator, exceeding the expectations of the VCS PD.

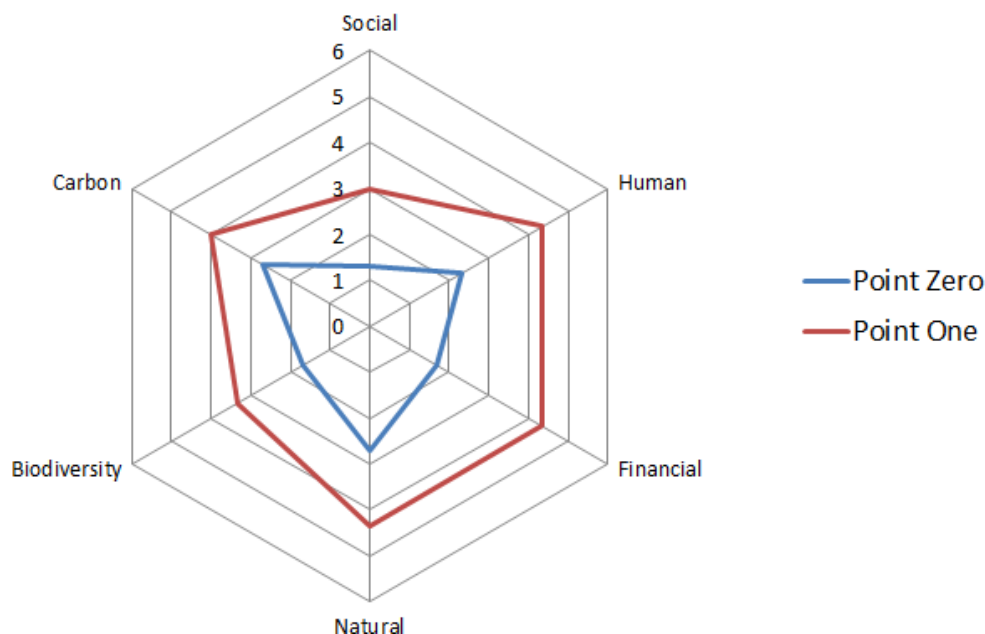
In the current monitoring period, a local stakeholder consultation was held in 2017 for the project's validation. In addition, the project is monitoring the community feedback, and during this monitoring period, the company tested several forms to receive feedback and suggestions from employees and members of the community. Then, the best identified procedure to collect opinions and comments from stakeholders was through physical meetings with employees and

community leaderships.

Several periodic meetings with the local government and the community are made to publicize the project's activities and achievements, and to discuss important subjects. Public summary reports are sent annually to all Stakeholders through e-mail.

There was a great advance compared to the last report, much due to the progress of the project and commitment of the company.

5.3 Performance Hexagon



6 VERIFICATION CONCLUSION

As a final verification report, this document brings the final conclusion for the VCS and SOCIALCARBON verification period: 01-January-2017 to 31-December-2019 for the Agrocoortex REDD Project.

Based in the analysis presented above, site visits, stakeholders interviews, project documentation review, as well as the CAR and CL resolutions presented in the appendix 1, the VVB understands the project complies with the verification criteria for projects and their GHG emission reductions set out in VCS Version 4, including any qualifications or limitations. The VVB also confirm that the project has been implemented in accordance with the project description

and subsequently validated variations, as well as VCS standard v.4 requirements and VM0015 v1.1.

Regarding to the SCS requirements, as presented in section 4.5, above and appendix 1, the VVB deems the project fully complies with the verification criteria for projects set out in the SOCIALCARBON Standard and the indicator scores selected by the PP represents the most close description of the field reality.

Finally the VVB states with reasonable level of assurance that the quantity of GHG emission reductions in tCO₂ equivalents reported by the updated Monitoring Report v.3 and calculus spreadsheet v.3 (Ref#43 and Ref# 44, respectively) are real and additional, compared to that expected to occur in the baseline scenario, without project activities.

Verified GHG emission reductions and removals in the above verification period are presented in the table below.

Verification period: From 01-January-2017 to 31-December-2019

SOCIALCARBON verification period: From 01-January-2017 to 31-December-2019

Verified GHG emission reductions and removals in the above verification period:

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)	Buffer pool allocation	VCUs eligible for issuance
2017	544.735	207.682	6.504	330.549	33.773	296.775
2018	666.137	172.648	7.470	486.019	49.423	436.595
2019	597.899	92.891	8.522	496.486	50.540	445.946
Total	1.808.771	473.221	22.497	1.313.053	133.737	1.179.316

Approved by



Dr. Kaviraj Singh
Managing Director
Earthood Services Privated Limited

Date: 16/11/2020
Place: Gurgaon, Haryana

APPENDIX 1: REQUEST FOR CLARIFICATIONS AND CORRECTIVE ACTIONS REGARDING THE 2ND MONITORING REPORT OF THE AGROCORTX REDD PROJECT

FORWARD ACTION REQUESTS

Finding	FAR 01
Description of finding (DOE)	The audit team understands that the proponent has all the necessary documentation to prove the updated regularity of the rural property. CCIR, ITR, real estate certificates and IBAMA authorizations were presented as evidence for this clarification. However some discrepancies were observed in the SiCAR registries, Howeverthe VVB also understands that, as it is a self-declaratory register, some inconsistencies might happen. On this regarding, the project proponent submitted an e-mail communication that demonstrates the intention of hiring specialized consultants to correct these inconsistencies with the responsible environmental agency in the State of Amazonas, IPAAM. The SiCAR updating must be addressed in the next verification event.
Conclusion Tick the appropriate checkbox	☒ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☐ The finding is closed

Finding	FAR 02
Description of finding (DOE)	The project proponent must update the social commitments presented in the 2nd verification report (REF#43), as follow: 1. Land tenure regularization and donation of 3,690ha for the community, in order to solve the conflict due to land tenure in the southern portion of the property, as stated in the SCR v3 (REF#15). For more information please refer to FAR03. 2. Donation of wood for the Indigenous house, as required by Manuel Urbano municipality. (please refer to REF#45)
Conclusion Tick the appropriate checkbox	☒ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☐ The finding is closed

Finding	FAR 03
Description of finding (DOE)	The proponent of the project has shown that the process of land tenure regularization in these areas is in fact taking place in a different schedule that was predicted, nor has it been maintaining a communication channel with these communities to update the riverside residents about the progress of the process. It was collected through interviews that the community members who were aware of this action did not have the status information and if there is continuity of this activity. The project proponent presented a series of evidences to attest the conformity regarding the aspect of the lack of communication between the project proponent and the communities of traditional riverside population, as the audit team surveyed in the field after a series of interviews with the residents of the places visited during the field audit. The project proponent shared additional documentation as evidence for this statement (ref. 46, 47, 48 e 49). According to the VVB analysis, the additional information

	provided meets the requirements of the applied standard. The audit team understands that the land regularization process is complex and demands longer terms than initially estimated by the applicant to carry out this activity, furthermore the pandemic scenario (COVID-19), was also a delay factor in the processes that were being conducted with the communities.
Conclusion Tick the appropriate checkbox	☒ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☐ The finding is closed

CORRECTIVE ACTION REQUESTS

Finding	CAR 01
Description of finding (DOE)	In the 2nd MR, section 4.2, parameter “Total decrease in carbon stocks due to displaced deforestation at year t ” ($\Delta CADLkt$), the PP states that: “The GIS analysis conducted during this monitoring period led to the conclusion that the increase in deforestation in the south of the Reference Region in 2017 was not associated with the project activity; and that there was no relation between the observed patterns of deforestation in the Leakage Belt with the present REDD project” but did not present evidences to support this assumption.
Corrective Action or clarification #01 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	The MR was updated with more information about the deforestation pattern within the leakage belt during the year 2017. More evidence was included in the MR, which indicates that deforestation in the leakage belt did not occur due to the displacement of deforestation from the project area. In addition to the density map that shows where deforestation predominantly occurred within the leakage belt, a graph was also included in the MR showing the distribution of deforestation in relation to the project area. This graph shows that a large part of the deforestation in 2017 occurred more than 10km far from the project area.
DOE Assessment #01 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The VVB evaluated the evidences presented by the PP and, taking into consideration that: i) the monitored deforestation in the leakage belt (ex-post) was 44% lower than the predicted in the ex-ante projections; ii) most of the monitored deforestations are located more

	than 10km distant from the project area, and iii) There was no community living inside the project area by the time of the project start, thus, it is not supposed to have deforestation related activities, that could have been displaced, due the project activity (deforestation restrictions). Based on these considerations the VVB understands that the deforestation occurred within the leakage belt is due to outside agents and can not be assigned to the project activities. However table 13 of MR v.2 (ref#28) refers to the reference region while the presented values are from leakage belt.
Corrective Action or clarification #01 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	The description of the table 13 of MR v.3 was corrected for “leakage belt” instead of “reference region”.
DOE Assessment #01 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	Ok, table 13 was corrected in the MR v.3 (REF#43) CAR 01 is closed
Conclusion <i>Tick the appropriate checkbox</i>	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 02
Description of finding (DOE)	In the SCR_Agrocortex_Point_1_v1 (ref#9) the PP states: “2nd monitoring period (from 01-July-2014 to 31-December-2016)”. This period does not refers to the 2nd monitored period.
Corrective Action or clarification #02 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	The monitoring period in the SCR was corrected for the second monitoring period.
DOE Assessment #02 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective</i>	The PP has corrected the monitored period presented in the SCR v.2. CAR 02 is closed

action and DOE assessments (#2, #3, etc.) shall be added.	
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 03
Description of finding (DOE)	The VVB found some inconsistencies in the sheet carbon stock (ref#3), for the following value: Cell C14: Open tropical rainforest with bamboo = 274,2 Mg/ha Cell P5: Floresta Ombrófila Aberta Terras Baixas com Bambu= 192,8 Mg/ha both phytophysiognomies look to be the same, if not please provide explanation whether the most conservative or the most accurate value was used. the PP states in cell P8 that 100% of the project area falls in the Abb+Dbe forest phytophysiognomies, however the cell used for the calculations refers only to the cell C14 (Open tropical rainforest with bamboo). Furthermore, the values presented in the 2nd MR (ref#2), section 4.1 do not meet the values presented in the sheet “carbon stock” (column C14-C16).
Corrective Action or clarification #03 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The official data from the Brazilian Environmental Agency (MMA) and the Brazilian Institute of Geography and Statistics (IBGE) were used to classify the vegetation types and phytophysiognomies within the reference region and project area. According to this classification from MMA and IBGE, there are three forest types within the project area: Abb+Dbe (Floresta Ombrófila Aberta Terras Baixas com Bambu + Floresta Ombrófila Densa de terras Baixas com Dossel Emergente), in 93% of the project area; Abp+Abb (Floresta Ombrófila Aberta Terras Baixas com Palmeiras + Floresta Ombrófila Aberta Terras Baixas com Bambu), in 5% of the project area; and Aap+Dae (Floresta Ombrófila Aberta Aluvial com Palmeiras + Floresta Ombrófila Densa Aluvial com Dossel

	Emergente) in 2% of the project area. The grouping of forest classes was used only to simplify the elaboration of vegetation maps of the reference region. The different forest classes were grouped according to the main category, since up to 3 subclasses are present in the same area within the reference region. Thus, during the elaboration of maps, the grouping was done according to the characteristic that shows the greater predominance in each phytophysiognomy. However, the average biomass stock per hectare in the above-ground biomass was obtained for each forest phytophysiognomy within the project area, i.e., the grouping was not applied. The phytophysiognomies were better described in the MR and calculation spreadsheet, specifically in the “carbon stock” sheet. A map of the location of each phytophysiognomy within the reference region was included in the MR. Furthermore, the values presented in the MR, section 4.1, already considers discounts for uncertainties for those initial forest classes that present uncertainties higher than 10% of the average carbon stock value, according to methodology requirements.
DOE Assessment #03 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The VVB understands the rationale behind the values of biomass per hectare, presented for the different phytophysiognomies. However the VVB was not able to find, in the sheets “carbon stock” neither in “table 15” of the calculation spreadsheet v.2 (ref#29), several values presented for the parameter “ab_{icl}” as presented in section 4.1 of the 2nd MR v.2 (ref#28). Its not clear whether these values presented in the MR v.2 are correct and in line with those used in the calculus spreadsheet.
Corrective Action or clarification #03 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	The Table 15 of the calculation spreadsheet was better detailed with the calculations and values presented in the parameters ab_{icl} and bb_{icl} of the MR, section 4.1, which are described in Mg/ha.
DOE Assessment #03 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	Ok, the calculation spreadsheet v.3 (ref#44), has included in sheet “table 15” the rationale behind the values presented in section 4.1 of the report. The values presented for the parameter “ab_{icl}” were crosschecked and deemed correct by the VVB. CAR 03 is closed

Conclusion <i>Tick the appropriate checkbox</i>	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed
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Finding	CAR 04
Description of finding (DOE)	It's not clear to the VVB why the PP did not apply the discount for uncertainties for the above ground carbon stock (Cbicl) parameter, as required by the VM0015. Please refer to table 15 of the 2nd MR spreadsheet (ref#3), cell D25.
Corrective Action or clarification #04 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	Project emissions in the MR were corrected. The upper boundary of the 90% confidence interval was applied in the calculation of the total carbon stock decrease due to planned and unplanned deforestation in the project area, in particular for those classes that have an uncertainty level higher than 10%. According to the applied methodology, if the uncertainty of the total average carbon stock of a class is less than 10% of the average value, the average carbon stock value can be used. If the uncertainty is higher than 10%, the lower boundary of the 90% confidence interval must be considered in the calculations if the class is an initial forest class in the project area or a final non-forest class in the leakage belt, and the higher boundary of the 90% confidence interval if the class is an initial forest class in the leakage belt or a final non-forest class in the project area.
DOE Assessment #04 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The VVB understands and agrees with the rationale presented to consider the uncertainties. However, it is not clear the source of the value "1.644854" used to calculate the confidence interval, as presented in the comments of cells D13 and D14, sheet "table 15" of the calculation spreadsheet v.2 (ref#29)
Corrective Action or clarification #04 <i>(PP shall write a detailed and clear corrective action or further information for clarification as per finding)</i>	The value 1.644854 was used to calculate the 90% confidence interval (CI). According to Salimon et al. (2011), the uncertainty of the aboveground biomass values described in the study is presented as one standard deviation of the mean, which represents a

	confidence interval of 68.27%. It was necessary to transform the uncertainty to a 90% CI, according to the methodology VM0015 v1.1. Around 1.644854 standard deviations of the mean correspond to a 90% CI. The source of this value was included in the calculation spreadsheet, "table 15" sheet.
DOE Assessment #04 <i>The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	Ok, the PP has provided the reference for the value applied in the uncertainty calculation. The approach is deemed correct by the VVB. CAR 04 is closed
Conclusion <i>Tick the appropriate checkbox</i>	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 05_BM
Description of finding (DOE)	The project proponent presented in the monitoring report (2nd monitoring report_v01, section 3.2.2, ref. 02) a PD deviation related to the method of monitoring deforestation that occurred in the period between 2017-2019. For the occurrence of a PD deviation, according to the standard VCS (ref. 08), section 3.18.2, item 2, it is necessary for the project proponent to describe and justify the reasons for the changes that occurred. The audit team cannot verify whether this change impacts the conservative principles of the VCS standard. In addition, the audit team found that many of the deforestations that occurred within the project area in the period between 2017-2019 had a pattern of pixels and were allocated in places with high complexity and difficulty of access, which are probably noise in the classification of remote sensing products. With this, the VVB understands that this deviation in methodology can impact the accuracy in forest monitoring and deforestation within the project area, also impacting the principle of accuracy of the standard. Thus, CAR # 05 is addressed to this aspect.

Corrective Action or clarification #05 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The section Project description deviation in the MR was updated with more information about the monitoring method for classifying deforestation. During the monitoring period, land-use change analyses were made through MapBiomass images, which is a new platform that produces maps through a pixel-by-pixel classification from Landsat satellites images. The entire process is done with extensive machine learning algorithms through the Google Earth Engine system that offers more detailed, precise and available information. MapBiomass presents a higher temporal frequency than the official data from Prodes, and thus is recommended as image reference for regions with high cloud cover throughout the whole year. According to the applied methodology, if remotely sensed data have become available from new and higher resolution sources during a monitoring period, these can only be used if the images based on interpretation of the new data overlap the images based on interpretation of the old data by at least 1 year and they cross calibrate to acceptable levels. Therefore, in order to verify the consistency between the different image classification methodologies, two land use maps of the same year (2013) were compared, using the new MapBiomass classification, and the classification supervised by Maximum Likelihood, used for the baseline projection. The maps were overlapped, and a confusion matrix was generated and calculated in order to quantify the errors of omission and commission. The MapBiomass resulted in more precise and conservative values for deforestation. This explanation and confusion matrix were included in the MR, section project description deviations. Furthermore, the noise in the classification of remote sensing products was verified. The MapBiomass mapping is performed with an artificial intelligence classifier, Random Forest. The algorithm uses samples obtained by reference maps, collections from previous MapBiomass series, and direct collection by visual interpretation of Landsat images. This classification undergoes through the spatial filter, applying neighborhood rules and temporal filters, in order to reduce spatial and temporal inconsistencies. For the supervised classification of the years 2018 and 2019, this same algorithm was used, but without the use of metrics, filters and neighborhood rules applied in the MapBiomass methodology. In order to
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	obtain an adequate image for the direct classification of samples, images from the USGS Landsat 8 Collection 1 Tier 1 TOA Reflectance collection were collected within the reference region with a limit of 1% cloud cover and an average of these images was generated. Eighty (80) polygons were generated for each land use class (forest, hydrography and deforestation) and the Random Forest automatic classifier was applied via Google Earth Engine. In order to assess the accuracy of the map in the reference region for the years 2017 to 2019, confusion matrices were generated by calculating the correctness degrees of user and producer, omission errors and commission. For each year, 210 random points were drawn over the reference region, 70 in each class (forest, hydrography and deforestation), and the degree of correctness of the classification was checked. Landsat images were used as a reference map, in which the land use was visually determined at the drawn points. In general, the correctness of the user and producer was above 93%. Finally, the noise was adjusted and the unplanned deforestation within the project area was corrected. The MR and calculation spreadsheet were updated.
DOE Assessment #05 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent failed to present a clear methodology for mapping land use and land cover for the reference region. During the monitoring period verified, the proponent requested a deviation from the method established in the PD. According to VVB's understanding, the new method would be to use Mapbiomas information to monitor and quantify land use changes in the reference region. However, there is an inconsistency in the methodological approach proposed by the proponent, according to section 3.2.2 of the monitoring report v02, it was possible to verify that the proponent uses Mapbiomas data exclusively for the year 2017; for the years 2018 and 2019, the proponent does not use the data from Mapbiomas and performs the land use classifications partially using the Mapbiomas methodology (without the post-processing filters). It is worth mentioning that Mapbiomas has in its database the information from collection 5, which contains the data for 2018 and 2019. This approach adopted by the proponent does not meet the requirements of the VM0015 methodology in section

	2.6, the finding remains open until the alignment to the methodology and preparing a robust and consistent methodology for temporal analysis of land use.
Corrective Action or clarification #05 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The inconsistency of the methodological approach for monitoring and quantifying land use changes within the reference region has been corrected. The Mapbiomas methodology (Collection 5) was used for the entire monitoring period between 2017 and 2019.
DOE Assessment #05 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the project proponent corrected the methodological inconsistency related to the methodology for monitoring land use changes. The proponent adopted a PD deviation duly reported in section 3.2.2 of the monitoring report, adjusting the methodology and adopting Mapbiomas data as a reference for land use change analyzes. In this way, the audit team ends this appointment by verifying the compliance of the monitoring report with the methodology and standard. NCR is closed.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 06_BM
Description of finding (DOE)	The project proponent presented in the Social Carbon monitoring report, for the currently monitoring period, the project activity regarding land demarcation (table 1, SCR_Agrocortex_Point_1_v1, ref. # 9 and MR section 2.1, ref # 2). The status of this project activity was described in the same document in section 4.4, item 10. The audit team visited the following communities during project verification: São Salvador, Santa Penha and Oriental. All of these communities are located within the rural property Fazenda Seringal Novo Macapá. One of the aspects that it was possible to verify, in loco, and through interviews with the residents of the communities, is that this activity is not being implemented. There have been many reports that there is a discrepancy between the size of the area being offered by the company to families and the actual area of

	use of these traditional communities. The community of São Salvador is the oldest within the rural property area, two ex-rubber tappers with more than 80 years old who still live in the community and according to family members, they were born on the spot, evidenced along with the interviews that the community has about 100-110 years. The proponent of the project has not shown that the process of land tenure regularization in these areas is in fact taking place, nor has it been maintaining a communication channel with these communities to update the riverside residents about the progress of the process. It was collected through interviews that the community members who were aware of this action did not have the status information and if there is continuity of this activity. Therefore, VVB understands the existence of a non-compliance regarding the implementation of this project activity which can potentially directly impact the areas of leakage management and, consequently, the project's emission reductions.
Corrective Action or clarification #06 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Agrocortex team visits the communities with an average frequency of two times per year, with the objective of establishing a diagnosis of the social impacts from Agrocortex operations. During these visits, questionnaires are applied to the communities in order to evaluate their satisfaction and the existence of any conflict or issue about the company. In addition, this procedure is also analyzed by the FSC certification, which requires an open communication channel with local communities and the monitoring of social impacts resulting from Agrocortex operations. The interviews conducted with residents and leaders of traditional communities living around the project area did not reveal the existence of negative impacts resulting from forest management activities carried out by Agrocortex. Pictures of the application of these questionnaires will be made available to the VVB team. Although the land demarcation process had been temporarily interrupted over the last years, this activity was resumed in 2020. Agrocortex contracted a topographer and a lawyer company to conduct the land

	demarcation process for each family within the rural property Fazenda Seringal Novo Macapá. The process of dismembering part of the Fazenda Seringal Novo Macapá will probably start in 2021, for the subsequent donation to the families and preparation of the definitive land tenure titles. These evidences will be sent to the VVB team.
DOE Assessment #06 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent presented a series of evidences to attest the conformity regarding the aspect of the lack of communication between the project proponent and the communities of traditional riverside population, as the audit team surveyed in the field after a series of interviews with the residents of the places visited during the field audit. The VVB considers this evidence insufficient and the document presented by the proponent does not present the systematized information and the results of the data collected in 22 houses during the visits of October 14, name of the document: FOREST MANAGEMENT SURROUNDINGS FARMING SERINGAL NOVO MACAPÁ [3]. "(ref#39) In that same document, the proponent states that since 2015 visits have taken place in the communities and the first evaluations have started to diagnose the changes that have occurred. However, this information was not presented to the VVB. The audit team keeps this finding open until its non-compliance is addressed.
Corrective Action or clarification #06 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The referred documents from 2015 were made available to the VVB team, which encompassed the socioenvironmental diagnosis of the surrounding population to the Faz. Seringal Novo Macapá, and the identification of the SFMP impacts to the surrounding population. In addition, other documents were also made available to the VVB team, such as a sample of the questionnaires conducted to the local population in 2015; and the regularization process and land demarcation maps of the families living within the Faz. Seringal Novo Macapá.
DOE Assessment #06 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent shared additional documentation as evidence for this statement (ref. 46, 47, 48 e 49). According to the VVB analysis, the additional information provided meets the requirements of the standard and methodology used due the fact that the proponent could show that this activity actually had been started in this monitoring period, even if it wasn't possible to complete. The audit team understands that the land regularization

	process is complex and demands longer terms than initially estimated by the applicant to carry out this activity. This way, this non-conformity ends and opens a future appointment to be checked in the next verification. Thus, a Forward Action Request (FAR) is addressed.
Conclusion Tick the appropriate checkbox	☒ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☐ The finding is closed

Finding	CAR 07_BM
Description of finding (DOE)	The project proponent failed to estimate emissions from livestock activities in the areas of leakage management. It was possible to verify in the field that the areas destined to the LMA are largely pasture areas, in addition it was identified that cattle breeding is a common practice in the region, being the main economic activity in the region. The PP in the MR (ref. # 02) in section 4.2, parameter EgLkt, considered that enteric, waste management and other emissions related to livestock activity equal to zero. According to VM0015, section 8.1.2, it is necessary for the proponent to monitor these emissions within the areas of the LMA. Therefore, VVB understands the existence of a non-conformity in the monitoring and calculations of this parameter.
Corrective Action or clarification #07 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The parameter EgLkt was corrected in the MR and calculation spreadsheet. GHG emissions from grazing animals was calculated based on an average number of livestock within the leakage management area.
DOE Assessment #07 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent corrected the MR and the spreadsheet, accounting for emissions from grazing animals. However, the project proponent did not adopt the guidelines of the VM0015 methodology, section 8.1.2, which establishes in item 'b' the need to use table 31 to report the main parameters used to calculate GHG emissions.

	Thus, this non-compliance remains open until the proponent takes corrective actions to adapt the MR to the methodology guidelines.
Corrective Action or clarification #07 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The table 31 of the applied methodology was included in the MR Section 5.3 - Leakage, and in the calculation spreadsheet to report the main parameters utilized to calculate Leakage emissions and GHG emission reductions.
DOE Assessment #07 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the project proponent updated the monitoring report and included in section 5.3, table 43, containing the parameters used to calculate the emissions from livestock activities in the spill management areas. The audit team understands that the proponent is in compliance with the methodology and standard used. Thus, the appointment is closed. NCR is closed.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 08
Description of finding (DOE)	The harvesting intensity and managed area (cells P35-P38 and Q35-Q38) presented in the calculus spreadsheet "Table 25b_ex post" (ref#3) do not meet the values presented in the "Resumo público do plano de manejo" (ref#23). Also, the VVB was not able to find the logging volumes and managed area for 2018 in the "Resumo público do plano de manejo" (ref#23). The document "2018_resumo_público_do_plano_de_manejo_MP" refers only to the values of 2017 (please refer to pg 20). Finally, during the site visit the VVB and PP cross checked the real area managed in each UPA and found inconsistencies between the area reported in the spreadsheet "Table 25b_ex post" (ref#3) and the PP's official records for the UPA 06 and 08 (2018). On this regarding, the VVB noted that permanent preservation areas (where the management is not allowed) and some parts of the UPA, that were not managed (due to IBAMA deliberation), were included in the calculus. The VVB understands that this assumption

	underestimates the harvesting intensity presented in m ³ /ha.
Corrective Action or clarification #08 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The real managed areas (excluding permanent preservation areas and others) were corrected in the MR and calculation spreadsheet. Thus, the average harvesting intensity in each year (m³/ha) was corrected. Furthermore, project emissions related to the carbon stock increase due to planned logging activities were also corrected based on the real managed areas during the monitoring period.
DOE Assessment #08 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the VVB crosschecked the new values presented in the calculation spreadsheet (ref#29) with those verified in the field and project documentation and deems that inconsistency was solved and the values are correct. However, the VVB was not able to find references for the managed área of APU 2018 (6.581ha) presented in Table 25b_ex post (ref #29). Please note that this value does not meet the value presented in the document "Relatorio_pós_exploratorio_UPA6+8_2018.pdf" (ref#20), pg 11.
Corrective Action or clarification #08 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The real managed area in 2018 was corrected in the MR and calculation spreadsheet. The real managed area of APU 2018 was 7,452.42 ha. Summing this value with the areas of planned deforestation in 2018 (122.64 ha), the total harvested area in 2018 was around 7,575 ha. This same area is described in the in the Post-Harvesting Report from 2018 (APU 6 + 8) "Relatorio_pós_exploratorio_UPA6+8_2018.pdf", pg 11.
DOE Assessment #08 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the managed area of APU 2018 presented in the calculus spreadsheet v.3 (REF#44) is now correct and in line with the "Relatorio_pós_exploratorio_UPA6+8_2018.pdf" (REF#20). CAR 08 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 09_BM
Description of finding (DOE)	The project proponent did not update the methodology

	for analyzing land use changes due to the PD deviation adopted in this monitoring period. This methodology attached to the PD, as VM 0015 establishes in section 2.6 must be updated as it will be used in the next crediting period. According to the VCS standard, there must be a consistent temporal analysis of data on land use changes. In this way, the VVB understands the existence of a non-conformity with respect to the standard procedures and operations (SOP) for monitoring deforestation and addresses this non-conformity in this regard.
Corrective Action or clarification #09 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The detailed methodological procedures used in pre-processing, classification, post classification processing, and accuracy assessment of the new remotely sensed data utilized during the current monitoring period was included in the section project description deviations.
DOE Assessment #09 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent requested a project deviation to change the method of monitoring land use changes in the reference region, project area, leakage belt and leakage management area (more information in CAR # 05). As the methodology VM0015 establishes in section 2.6 it is necessary that there is a methodology attached to the PD, containing information related to: - a- data sources and pre-processing; - b- data classification and post-processing; - c- classification accuracy assessment; The project proponent did not build a document attached to the PD in the format of Standard Operation Procedures (SOP), which can lead to errors in the temporal analysis of changes in land use. In this second round of analysis the project proponent presented a document 2020_08_11d_Monitoramento_Desmatamento_2017-2019.pdf (ref#40) containing in detail the methodology used, together with the results of the monitored period, however some essential steps in the mapping and classification were not detailed for the year of 2017 (post-processing pixel filtering) and methodological inconsistency related to the years 2018 and 2019. It is worth mentioning that the document presented by the proponent presents another inconsistency in table 01, which apparently contains information from a project verified in the VCS.

	The audit team understands that the proponent failed to correct the inconsistencies of the MR and its attachments. This CAR remains open.
Corrective Action or clarification #09 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The methodological inconsistency between the classification method utilized for the year 2017 and the years 2018/2019 was corrected and the MR was updated accordingly. In addition, the methodological procedures utilized during the current monitoring period were better detailed in the MR, section project description deviations, which contains information about data sources and pre-processing; data classification and post-processing; and classification accuracy assessment. The post-processing data filtering was also included in this section of the MR. Furthermore, the GIS mapping report of the 2nd monitoring period was also corrected regarding the methodological inconsistency related to the years 2018 and 2019. This document was made available to the VVB team.
DOE Assessment #09 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The project proponent corrected the methodological inconsistencies in the monitoring report and in the respective annexes about the method of monitoring land use changes. This NCR is directly linked to NCR 05, in which the proponent correctly addressed consolidating the monitoring method using the Mapbiomas data for analysis. The project proponent submitted a report on the monitoring of deforestation in the monitored period and it complies with the requirements of VM0015. Therefore, VVB ends this appointment due to compliance with the methodology and standard used. NCR is closed.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 10
Description of finding (DOE)	The PP did not present evidences of non significance of a possible source of methane emission from the heaps of wood residuos, observed in the industry. For addition information, please refer to VCS v.4 sections 3.11.1.

Corrective Action or clarification #10 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Methane emissions resulting from the decomposition of wood residues that were generated during the timber processing in the industry were calculated. A small part of the wood residues is burned in a boiler located inside the industry; however, the largest part has been piled up since 2014, which results in methane emissions from anaerobic decomposition. Calculations were made according to methodology AMS-III.F.: Avoidance of methane emissions through composting - Version 12.0 and the Methodological Tool 04 - Emissions from solid waste disposal sites - Version 08. The corresponding GHG emissions from the decomposition of wood residues were considered as leakage emissions. The MR and calculation spreadsheet were corrected. In addition, the internal calculation of the volumetric efficiency coefficient in 2019 will be made available to the VVB.
DOE Assessment #10 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the PP has considered the methane emission resulting from the decomposition of wood residues that were generated during the timber processing in the industry. This amount was considered as leakage emissions and was excluded from the net GHG emission reductions. The VVB has assessed the memory of calculus and assumption presented in the spreadsheet v.2 (ref#29) on this regarding. The VVB deems they are in accordance with the referred methodology (ref#30). CAR 10 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 11
Description of finding (DOE)	During the site visit the VVB observed that the use of personal protective equipment in the quadbikes was not a common practice (e.g.: helmet and glasses) During field activities, two staffs and the auditor ride the quadbikes without appropriate helmets neither glasses. All of them had eyes soft injuries.

	Furthermore it was also observed quadbikes carrying two people, while the vehicle has an evident advertisement saying max. 1 person.
Corrective Action or clarification #11 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Agrocortex has an internal procedure for the use of PPE, which has not been properly enforced until the VVB site visit. This situation was corrected, and the following measures have been taken to solve this issue: - Fixing an informational board at the forest management unit, where the quadbikes are located, informing that the use of PPE is mandatory. - Make helmets and glasses available to employees, at a proper location closer to where the quadbikes are parked. - Greater control by technicians and forestry engineers over the mandatory use of PPE by employees. These evidences will be made available to the VVB team.
DOE Assessment #11 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the VVB understands that the above mentioned measures are in accordance to the best laboral practices and are enough to address the issue raised on this CAR. Furthermore the PP has sent to VVB evidences of the application of these measures (REF#41) CAR 11 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CAR 12
Description of finding (DOE)	The VVB understands the PP (Agrocortex) has the project ownership and the proof of title over the VCUs, as per VCS programs definition v.4 (ref# 25) and VCS Standard, v4 (ref#08), as well as ref #23 and ref# 26. However the VVB identified an inconsistency between the score applied to the “project longevity”, item b, of the risk report (ref#07) and the clauses 4.9 and 9 of the contract between Batisflor and Agrocortex (ref #26), (e.g.: contract longevity, 29y and management period, 60y). Please note that according to the societal

	structure (ref#23), the PP has not the entire (decision) control of the Batisflor florestal (49%). In addition, based in the above mentioned, its not clear the applicability of item “a” of the section “Land Tenure and Resource Access/ Impacts”, of the risk analysis (ref#07).
Corrective Action or clarification #12 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Agrocortex Madeiras do Acre Agroflorestal Ltda. (i.e., the project proponent) is the company responsible for operations, being part of a Brazilian holding company named Agrocortex Florestas do Brasil S.A. The latter also holds Agrocortex Florestas Tropicais Ltda., which owns Batisflor Florestal Ltda., the landowner of Fazenda Seringal Novo Macapá (where the project area is located). In 2014, a partnership agreement between Batisflor and Agrocortex was established, which mentions that Batisflor assigns to Agrocortex the entire farm for logging and harvesting of other assets, including carbon credits. In addition, this agreement mentions that only the revenues arising from timber logging activities will be shared between the parties, i.e., other assets belong to Agrocortex and will not be shared with Batisflor. The agreement also establishes that Batisflor will have a purchase preference on other assets that could be generated from the partnership. Moreover, the responsibilities were also identified in this agreement: Agrocortex will control the logging and other assets generation, while Batisflor should not prevent, interfere, or delay such activities. Furthermore, a purchase agreement between Agrocortex and Batisflor was established at the end of 2016 for the acquisition of the remaining Batisflor’s share capital (51%) in monthly installments. The share capital will be proportionally transferred to Agrocortex according to the payment of each instalment. This agreement will be made available to the VVB.
DOE Assessment #12 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the VVB understands the PPs explanation regarding land tenure and the purchasing agreement. In addition, the VVB has assessed the additional documentation provided by the PP (ref#24 and ref#31), and deems that the ownership and resource access rights can be considered as held by the same entity.

	CAR 12 is closed.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

CLARIFICATION REQUESTS

Finding	CL 01
Description of finding (DOE)	According to the 2nd MR v.1, section 2.2 “a permanent communication channel with local stakeholders was created in order to receive any comments or suggestions regarding the present REDD project. All comments received were responded.” However it is not clear how does this channel works and no evidences were provided in order to assess whether the project “continues to communicate the necessary relevant information about the project implementation, risks, costs and benefits, relevant laws and regulations and the process of VCS Program verification during the monitoring period, as required by VCS v.4 (ref#14)”. Its also not clear why the PD (ref#1) refers to 120 families living around the Project Area , while the 2nd MR v.1 (ref#2) and the risk report (ref#16) refer to 95 families. In the site visit. The correct number of families living around the Project Area is not clear to the VVB Finally, according to the SCR v.1 the PP has received 11 suggestions in the company and community suggestion box, and the requests were fulfilled, however the PP did not provide information regarding nature of these notes neither their forwardings.
Corrective Action or clarification #1 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The public summary report of the sustainable forest management plan (SFMP) carried out by Agro cortex – year 2019 - details that there are nine communities living around the project area, located along the Purus River: Itaúba, Extrema, Boca do Macapá, Macapá, Oriental, São Salvador, Santa Penha, Bragança, São Paulo. It was found the presence 95 families living in these communities.

	The permanent communication channel with stakeholders is verified by FSC certification at each year. According to the public summary report from 2019, the communication channel between the company and traditional communities helps in the analysis of the impacts caused by Agrocorrex SFMP activities. Meetings are held with the communities and in the city of Manoel Urbano, in which important issues are addressed: social impacts, trainings, existence of open communication channels, and the dissemination of the SFMP Public Summary Report. In addition, during these meetings, the Agrocorrex team identifies the critical points and responds to questions, carrying out what is possible and relevant. Furthermore, also as part of the FSC certification, Agrocorrex sends the annual public summary report to all stakeholders by email at the end of each year (around 400 connections), and also requests comments and suggestions about the report or its operations in the region by email or phone. This email (comunidades@agrocorrex.com) is also an open channel for communication with the local stakeholders. The suggestion boxes were installed at the industry' refectory, the forest management unit, and distributed over the main communities. However, this was not an effective measure for collecting the stakeholders opinions, which was also confirmed by the FSC certification report of 2016. Thus, in 2017 the suggestion boxes were substituted by a satisfaction form applied by the Agrocorrex team to stakeholders, which was also not effective. Then, the best identified procedure to collect opinions and comments from stakeholders was through physical meetings with employees and community leaderships. According to the sustainable forest management plan summary reports from 2017 and 2019, a total of 11 messages from stakeholders were received, all of them by phone or by physical meetings. Most of those comments requested to open the access to the Itaúba community and the arrival of the "Luz para Todos" power line for this community. All comments were attended by Agrocorrex. Evidences will be made available to the VVB.
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	Furthermore, the SCR was adjusted accordingly.
DOE Assessment #1 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the correct number of families living around the project área was clarified, and referenced (ref#21) The PP has also provided evidences of the permanent communication channel with stakeholders. The VVB has assessed the ref#21, ref#32 and ref#33, and deems that PP maintains a periodic communication with the communities through emails and face-to-face visits. CL01 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 02
Description of finding (DOE)	The Salimon's paper abstract refers to open canopy forests dominated by either palms and bamboo an estimated 246 ± 44 and 224 ± 50 Mg ha⁻¹ of above-ground biomass, respectively. It is not clear why the PP chose to use, what looks to be, the upper limit of carbon stocks of the phitophysionomy "Floresta Ombrófila Aberta Terras Baixas com Bambu + floresta Ombrófila Densa de terras Baixas com Dossel Emergente" (274t of biomass/há). It is also not clear whether it is conservative the using of upper limit for both, project emission (carbon decrease due to planned deforestation) and project emission reduction (baseline emission due to deforestation), as required by the VM0015 and VCS v.4.
Corrective Action or clarification #02 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	According to Salimon et al. (2011), the two most widespread forest types in Acre, open canopy forests dominated by either palms and bamboo, cover more than 90% of Acre's territory. There are nine forest phitophysionomies within the forest type "open canopy forest dominated by palm trees", and five different forest phitophysionomies within the forest type "open canopy forest dominated by bamboos". The average above ground biomass, considering all phitophysionomies in each forest type, was 246 ± 44 and 224 ± 50 Mg/ha, respectively. However, for the present project activity, the average biomass stock per hectare in the above-ground biomass

	was obtained for each forest phytophysiognomy, according to Table 3 of Salimon's article. Official data from the Brazilian Environmental Agency (MMA) and the Brazilian Institute of Geography and Statistics (IBGE) were used to classify the vegetation types and phytophysiognomies within the reference region and project area. Therefore, carbon stock values estimated by Salimon et al. (2011) were used for the three forest phytophysiognomies within the project area: Bamboo Open + Dense (FAB+FD); Palm Open + Bamboo Open (FAP+FAB); and Alluvial Palm Open (FAP-A). In addition, project emissions in the MR were corrected. The upper boundary of the 90% confidence interval was applied in the calculation of the total carbon stock decrease due to planned and unplanned deforestation while the lower boundary was applied for baseline emissions due to deforestation, in particular for those classes that have an uncertainty level higher than 10%, according to the applied methodology.
DOE Assessment #02 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the PP has clarified the source of the biomass values used in the ex-post calculations. According to the calculation spreadsheet v.2 (ref#29), the carbon stock values estimated by Salimon (2011) were used for the three forest phytophysiognomies, which is deemed more accurate than an average biomass value. Finally The upper boundary of the 90% confidence interval was applied in the calculation of the total carbon stock decrease due to planned and unplanned deforestation while the lower boundary was applied for baseline emissions due to deforestation, The VVB considers this assumption is in line with the VM0015 and the VCS requirements regarding conservativeness. CL02 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 03
Description of finding (DOE)	In section "Land Tenure and Resource Access/ Impacts" of the risk report (ref#16 and ref#17) the PP does not provide evidences to support "The project generates net

	positive impacts on the social and economic well being of the local communities who derive livelihoods from the project area". On this regarding the PP states: "A proportion of funds from the sale of carbon credits will be used for socially and environmentally beneficial programs run within the leakage management", however did not provide additional information about programs or leakage management activities, in order to support the mitigation score assumed (-5).
Corrective Action or clarification #03 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	According to the sustainable forest management public summary report and the FSC certification report, Agro cortex generates net positive impacts to the region. The following programs are carried out by Agro cortex, which are financed by carbon credits revenues: - Post-harvesting activities and forest monitoring on the natural regeneration of forests; preservation of tree species that provide revenues for local communities, such as Brazilian Nut Trees. - Fauna monitoring to evaluate the impacts of the SFMP on the local fauna and propose mitigation measures to not affect the hunting practiced by local communities around the project area. The practice of burning within the project area is prohibited to avoid impacts to fauna and flora; - Formation and training of a Forest Fire Brigade, besides promoting lectures for fire prevention and control for local communities and collaborators, and distribution of educational signs in the access ways to the property; - Production of native tree seedlings in two tree nurseries, and plantation in harvested areas inside the SFMP; - Generation of an alternative income source and local development for local communities through low-impact logging activities with FSC-certification; promotion of trainings and qualification in low impact logging, work safety, first aid, and the importance of conservation of threatened flora and fauna species; - Promotion of local commerce by purchasing products from local sources, generating income and development for communities; - Identification of areas within the Seringal Novo Macapá property where families can continue with their

	traditional use of natural resources and the forest; - Geoprocessing techniques to precisely locate the selected trees for cutting, and plan the infrastructure construction in each annual production unit, such as opening of main and secondary roads, skidding trails, and timber yards, with the objective of reducing the logging impact; - Land demarcation process for each family within the rural property Fazenda Seringal Novo Macapá. The process of dismembering part of the Fazenda Seringal Novo Macapá will probably be resumed in 2021, for the subsequent donation to the families and preparation of the definitive land tenure titles; - Visit to communities with an average frequency of two times per year, with the objective of establishing a diagnosis of the social impacts from Agrocortex operations; - Constant revision of equipment and vehicles, in order to avoid atmospheric pollution; building of drainage devices, manholes and bridges, for facilitating runoff and preventing erosion; - Donation of wood residues to local communities; - Open communication channel with the local communities to receive comments or complaints. Some requests have been attended, such as the maintenance of the access to the Itaúba community and helping with the arrival of the “Luz para Todos” Program. - Partnership with the State government to donate wood residues for the Artisans Association, stimulating the production of handicrafts. The program helps 40 artisans, indirectly benefiting 250 families. - Promotion of the “Jovem Aprendiz” (young apprentice) initiative, a project that creates job opportunities for the young people at risk and vulnerability situations. - Loan of heavy machinery to the municipality of Manoel Urbano to repair streets and highways in the region. Furthermore, the project generates about 200 direct jobs and 100 to be generated by the multiplier effect, totaling 300 direct and indirect jobs, causing a very positive
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	impact on the local economy of the municipality of Manoel Urbano / AC and surroundings. All workers, including outsourced workers, are hired in accordance with labor and social security legislation. Currently, of all the employees that Agro cortex employs in management and industry activities, 60% come from communities surrounding the project area. It is important to note that most of the municipalities in the reference region have a Very Low Human Development Index (HDI), i.e., Pauini has a very poor positioning, as it placed 5538th of 5565 Brazilian municipalities, while Manoel Urbano in the 5186th. All revenues from carbon credit sales are invested in Agro cortex's operation and social and environmental benefits. Between 2017 and 2019, a total of 5,550 credits were sold to national and international companies, resulting in revenues of US\$ 19,000, which were fully integrated into the company's working capital used to maintain the activities listed above. Moreover, carbon credits are also important to help in the maintenance of FSC certification, as it is very difficult to compete with illegal logging in Brazil. Balance sheets from Agro cortex will be made available to the VVB team, together with an explanation from Agro cortex director about the importance of carbon credits revenues to maintain its core business operations and the socioenvironmental benefits to local communities.
DOE Assessment #03 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The PP has provided additional information in order to support the assumption <i>"The project generates net positive impacts on the social and economic well being of the local communities"</i>. Based in the explanation presented above, field observations and documents review (ref#34 and ref#35) the VVB understands that the following project activities provide net positive impacts on the social and economic well being of the local community : • The demarcation and dismembering process for the families living within the PP property, • the donation of wood residues to local communities and artisans, • the maintenance of the access to the Itaúba community

	- the program “Jovem Aprendiz” - the loan of heavy machinery to the municipality of Manoel Urbano to repair streets and highways Based on the above mentioned considerations, the VVB considers CL03 closed.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 04
Description of finding (DOE)	In the risk report (ref# 16) the PP states that “active monitoring of fires on the Project Area based on satellite images (PRODES), other Programs from INPE, and aerial surveillance, is used to detect and prevent fire within the Project Area”. However does not specify how PRODES can be used to detect and prevent fires once its data is consolidated once a year. It’s also not clear what are the “other programs from INPE” used for this purpose and how the referred aerial surveillance works. In the same section the PP states that “Data from INPE indicates the Project Area is located in an area where fire risk is considered low and where no large-scale fire was detected from 2005 to 2019” however the link provided by the PP refers to a map with the risk of fire for the next 3 days, and not to a fire occurrence historic
Corrective Action or clarification #04 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The non-permanence risk report, section Natural Risks (Fire), was corrected. The fire monitoring methods were better described, and the references were updated accordingly.
DOE Assessment #04 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the PP has adjusted the section Natural Risks, providing more detailed information, as presented in the risk report v.2 (ref#36). The fire monitoring methods were detailed and results were presented. The VVB understands that methods and results are correct and in line with the applied methodology and best practices. CLO4 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 05
Description of finding (DOE)	In the 2nd MR (ref#2), section 4.2, parameter “Total decrease in carbon stocks due to displaced deforestation at year t” ($\Delta CADLK_t$), the PP states that: “The GIS analysis conducted during this monitoring period led to the conclusion that the increase in deforestation in the south of the Reference Region in 2017 was not associated with the project activity; and that there was no relation between the observed patterns of deforestation in the Leakage Belt with the present REDD project” However, did not present evidences to support this assumption.
Corrective Action or clarification #05 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The MR was updated with more information about the deforestation pattern within the leakage belt during the year 2017. More evidence was included in the MR, which indicates that deforestation in the leakage belt in 2017 did not occur due to the displacement of deforestation from the project area. In addition to the density map that shows where deforestation predominantly occurred within the leakage belt, a graph was also included in the MR showing the distribution of deforestation in relation to the project area. This graph shows that a large part of the deforestation in 2017 occurred more than 10km from the project area.
DOE Assessment #05 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The PP has presented additional evidence to support that there was no relation between the observed patterns of deforestation in the Leakage Belt with the present REDD project. The VVB confirms that most deforestation observed in the leakage belt was concentrated in the surroundings of the urban áreas, far from the project borders. The deforestation pattern observed suggests no direct relation to the project activities. This understanding is supported by the fact that the verified deforestation for the leakage belt (ex-post), was about 55% of the projected deforestation (ex-ante). CL05 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 06
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Description of finding (DOE)	The PP did not explain why the data obtained in the forest inventory done in the managed areas (Upa 1 to 8), was not used, as required in the FAR 1 (ref#13), considering this is supposed to be a tier 1 data. Furthermore, according to the PP forest engineers, these permanent plots allocated inside the managed areas encompassed biomass of tree above 5cm diameter (DBH) and litter, what suggests that this data could be applicable to the project. Finally provide evidences that the most conservative value for carbon stocks in the project area were used as required by VCS v.4 (ref #8), section 2.2.1.
Corrective Action or clarification #06 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	The forest inventory conducted by Agro cortex in permanent plots allocated inside the forest management area is used to monitor the natural regeneration of forests and the impacts of the forest management on the remaining flora. It is done according to the national legislation. However, this forest inventory could not be used to estimate carbon stocks in the project area because this survey is done to measure the following parameters in permanent plots allocated inside annual production units (APU) that were harvested in previous years: species richness, phytosociology analysis, diameter, damage of the forest management, crown cover and liana intensity. The 2019 forest inventory report conducted in permanent plots allocated in the APUs 05, 06, 07, 08 and 4R will be made available to the VVB.
DOE Assessment #06 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok the VVB understands and agrees with the explanation provided by the PP, in fact the permanent plots allocated inside the managed áreas has different purposes and has very few application to the ex-post calculations, once the post-exploratory forest inventory (ref#37) does not encompass biomass/ha. On this regarding, the forest biomass of managed áreas was already encompassed by using conservative rates of degradation, as presented in Table 25b_ex post (ref#29). For additional information, please refer to CL08 CL06 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic

	verification ☐ Outstanding finding (not closed) ☒ The finding is closed
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Finding	CL 07
Description of finding (DOE)	In the Social resource #1 of the SC report (ref#9) the PP states that the donation of wood residues to the Artisans association is able to promote the women inclusion, It's not clear to the VVB how these donation is able to promote the women inclusion. No additional information was provided on this regarding.
Corrective Action or clarification #07 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	According to Sebrae (https://m.sebrae.com.br/sites/PortalSebrae/ufs/ac/artigos/o-artesanato-acreano-e-suas-nuances,3d617ffc98a98610VgnVCM1000004c00210aRCRD), there are around 1,800 artisans in Acre registered in the Government database, and an estimate of 4,000 people producing handicrafts in the State. According to this same source, 72% of the artisans in Acre are women, and this activity represents the main income source to more than 50% of the artisan's families in the State, which indicates the importance of this activity. The SCR was complemented with this information and reference. In addition, evidence of wood residues donations to the Artisans association will be made available to the VVB.
DOE Assessment #07 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, PP has provided several documents (ref#38) proofing the wooden donation. This documents also support the assumption that the wood residues donation to the Artisans association is able to promote the women inclusion, once, according to the Sebrae, 72% of the registered artisans are women. CL07 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 08
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Description of finding (DOE)	In the section 4.3 of 2nd MR (ref#2) and calculus spreadsheet (ref#3) "Table 25b-ex post" the PP presents the following assumption "Logging operations cause the generation of forest residues (branches, remains of logs and other damaged trees during the tree felling). According to the Sustainable Forest Management Plan, it is estimated that 1m³ of forest residues is generated for each m³ of log harvested through sustainable forest management." However, in a technical bibliographic consultation, the VVB found much more conservative values, as follow: According to Keller et al. 2004, The fraction of branches and shavings remaining in the above-ground biomass after cutting the marketable logs (dimensionless) is about 0.67, and According to Feldpausch et al. 2005 Pg. 208, section 3.8: (FELDPAUSCH, T. R., et. al. When big trees fall: Damage and carbon export by reduced impact logging in southern Amazonia. Forest Ecology and Management. Vol. 219, pp.199-215, 2005), damage factor to the remaining forest, based on the carbon fraction of the total logs extracted. (dimensionless) is of 2.4 Please note that these both factors together are 3 times more conservative than the ratio 1:1 used for calculate forest degradation. Please clarify whether the assumed value is conservative and better represents the real carbon stock decrease due to logging activities in the project scenario. Please refer to VCS standard v.4 (ref#8) section 2.2.1
Corrective Action or clarification #08 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Logging operations result in the generation of forest residues (branches, remains of logs and other damaged trees during the tree felling). According to Feldpausch et al. (2005), Table 6 pag 209, the mean coarse woody debris returned to the soil as necromass following logging and damage in: (1) tree felling gap formation (trees killed by tree-fall), (2) residual canopy from the felled tree, (3) road, (4) deck construction and, (5) skid maneuvering during logging, is about 6.9 Mg C/ha. According to section 4.3 (pg 212) from this same study, this represents 2.4 times the carbon taken off site in logs. However, the MR already takes into account as planned

	deforestation the roads and decks constructions, which represent 15.9% of the total damage, according to the Table 6 of this same study. Therefore, the LDF was adjusted to $2.4 * (1-0.159) = 2.02$. Project emissions due to planned activities was corrected accordingly.
DOE Assessment #08 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The VVB assessed the explanation provided by the PP, as well as the adjustments in ex-post calculations. The VVB agrees they are in accordance with the methodology and the recognized technical literature. The new value assumed to calculate the forest damage (and biomass loss) in logged forest is appropriated and deemed conservative by the VVB. CL08 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 09
Description of finding (DOE)	It is not clear to the VVB, the rational behind the equation presented for the parameter $EBBCO2_{icl,t}$ in cell C12 of the "Table 28_ex post" spreadsheet (ref#3). Especially regarding the value "0.5"
Corrective Action or clarification #09 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Calculations were made according to the methodology VM0015 v1.1, section 6.2 – Baseline non-CO2 emissions from forest fires. According to the default values given by the methodology on page 83, the IPCC default value of 0.5 may be used for estimating the combustion efficiency ($CE_{p,icl}$).
DOE Assessment #09 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	The PP has correctly followed the methodology VM0015, as per pg 83, that states: <i>"The combustion efficiencies may be chosen from table 3.A.14 of IPCC GPG LULUCF. If no appropriate combustion efficiency can be used, the IPCC default of 0.5 should be used."</i> CL09 is closed
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 10_BM
Description of finding (DOE)	The audit team consulted the base of the Rural Environmental Registration (SiCAR) of the State of Amazonas and verified that the CAR of Fazenda Seringal Novo Macapá (AM-1303502-5E74AB7C2FCA45DAB2DDDBFD68453E3A) and the status is: "awaiting analysis". The VVB found that the CAR statement has an overlap with that of another property in a total area of approximately 25% of the project area. The audit team requests access to the CAR statement and clarification of how the proponent is addressing this issue with respect to the environmental aspects of the project area.
Corrective Action or clarification #10 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	Agrocortex is taking all necessary steps to clarify and solve this issue. It is important to highlight that the overlapped property to the west had its CAR registered more than 2 years later than Agrocortex's CAR, and moreover, this CAR was registered with an environmental crime status due to illegal deforestation. A lawyer company was contracted by Agrocortex to conduct an analysis of this overlapping property and request the rejection of its CAR in the Amazonas Environmental Agency. This will be made available to the VVB team. In addition, Agrocortex operates a sustainable forest management plan (SFMP) certified by FSC. The SFMP is approved by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), which also authorizes the logging activities at each Annual Productive Unit every year. Furthermore, the property Fazenda Seringal Novo Macapá has the regularized land title in the National Institute of Colonization and Agrarian Reform (INCRA), pays all the taxes (ITR), and has the Rural Property Registration Certificate (CCIR). The property registrations (Matrículas do Imóvel) are fully registered in the property registration office. Thus, the land tenure documentation and the environmental licenses indicate that Agrocortex has a superior and older land tenure than the overlapped CAR,

	which probably seems like an attempted fraud, a very common issue in the Brazilian Amazon region. The property land tenure documentation will be made available to the VVB team. (CCIR, ITR, property registration, and Authorization from IBAMA).
DOE Assessment #10 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the audit team understands that the proponent has all the necessary documentation to prove the updated regularity of the rural property. CCIR, ITR, real estate certificates and IBAMA authorizations were presented as evidence for this clarification. VVB understands that SiCAR, as it is a self-declaratory register, presents some inconsistencies in the information presented. In addition, the project proponent submitted an e-mail communication that demonstrates the intention of hiring specialized consultants to correct these inconsistencies with the responsible environmental agency in the State of Amazonas, IPAAM. Therefore, the team understands that this note must be verified again in the next verification. Please refer to Forward Action Request 01 (FAR 01).
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 11_BM
Description of finding (DOE)	The project proponent presented in the MR a new methodology for forest monitoring and calculation of emissions (ex-post), especially with regard to the source / origin of the orbital information used. In the calculations performed at the PD level (ex-ante), the project proponent used another methodology and other orbital data / information. The VVB asks the proponent to provide clarification, if the comparison between the baseline scenario and the project scenario (new methodology) will not affect the principles of the VCS standard with regard to

	conservatism and accuracy. Bearing in mind that results from different sources of information and methodology for classifying land cover will be compared.
Corrective Action or clarification #11 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	During the monitoring period, land-use change analyses were made through MapBiomass images. In order to verify the consistency between the different image classification methodologies, two land use maps of the same year (2013) were compared, using the new MapBiomass classification and the old classification supervised by Maximum Likelihood, which was used for the baseline projection. The maps were overlapped, and a confusion matrix was generated and calculated to quantify the errors of omission and commission. MapBiomass classification resulted in a more accurate and conservative deforestation area than the older classification. This explanation and the confusion matrix were included in the MR, section project description deviations.
DOE Assessment #11 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	Ok, the CAR#05 already covers the same aspect and theme of this clarification request. Due that the VVB is closing this finding.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed

Finding	CL 12_BM
Description of finding (DOE)	During the verification of the monitoring report, the audit team identified inconsistencies in the calculation of GHG emission reductions. As the calculation of net emissions reductions is mainly due to the “ex-ante” estimates, the VVB understands that it is part of the scope of verification to analyze, within the scope of the PD, the approach used by the PP for the elaboration and design of the baseline of the project. In view, in particular, of the high projected deforestation rates for this monitoring period (2017-2019) within the project area compared to the first monitoring period (2014-2016), there was an increase in GHG emissions

	estimates in the 46% baseline scenario between the first and the second crediting period. It is not clear to the VVB which reference period was used by the PP to establish the baseline, two periods are presented in the PD: 1. 1999, 2005, 2012; 2. 2000, 2006 and 2013. It was possible to identify two serious inconsistencies in the development of the baseline with respect to sections 4.2.2 and 4.2.3 of VM0015 for the preparation and selection of the most accurate map of the risk of deforestation. The PP did not present in the PD the different risk maps produced, using the different factor maps selected for the reference period and actually used for the baseline scenario. According to VM0015, section 4.2.2, Several Risk Maps should be produced using different combinations of Factor Maps and modeling assumptions in order to allow comparison and select the most accurate map. According to Figure 59 of the PD, the project proponent violated a rule about the selection process for the best model, as it used the year 2014 as the confirmation period for the selected model. According to VM0015, section 4.2.3, confirming the quality of the model output (generally referred to as model validation in the modeling community) is needed to determine which of the deforestation risk maps is the most accurate. A good practice to confirm a model output (such as a risk map) is “calibration and confirmation”. Using only the data from the calibration period, prepare for each Risk Map a Prediction Map of the deforestation for the confirmation period. Overlay the predicted deforestation with locations that were actually deforested during the confirmation period. Select the Prediction Map with the best fit and identify the Risk Map that was used to produce it. Prepare the final Risk Map using the data from the calibration and the confirmation period. The audit team understands that these errors potentially violate the standard VCS in sections 2.2.1 and 4.1.3 with regard to the consistency / conservatism of the calculations and with the compliance with the
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	methodology used. In this way, VVB asks the proponent for the detailed technical report of the project's baseline to clarify these potential non-conformities identified in this first round of analyzes.
Corrective Action or clarification #12 (PP shall write a detailed and clear corrective action or further information for clarification as per finding)	During the current monitoring period, the increase in GHG emission reductions compared to the first monitoring period mainly occurred due to the following reasons: - Increase of 6 months in the monitoring period: the first monitoring period included 30 months, and the second one encompasses 36 months, an increase of 20%; - Reduction in the non-permanence risk score, from 15% to 10%; - More areas that have been explored between 2014-2019 are subject to carbon stock increase after logging operations; - Decrease in the harvesting intensity within the SFMP area, from 8 m³/ha to 6.7 m³/ha, a reduction of 16%. Regarding the baseline scenario developed for this project activity, the quality assessment of the model output was carried out to select the most accurate deforestation risk map. The calibration period considered the 1999-2006 land use maps for simulating the year of 2013. Therefore, the year of 2013 was the confirmation period for the model. Several risk maps were produced for the selection of the most accurate deforestation risk map, based on different combinations of factor maps and modeling assumptions. A total of 10 different risk maps have been produced using different GIS methods, and the most accurate one – with a kappa index of 0.9672 – was selected to project the future deforestation in the baseline scenario. The VCS PD in the section "baseline scenario", was not clear on showing the different models produced and the selection of the most accurate one; moreover, the confirmation year of 2014 was erroneously described in the PD, as the year actually used as the confirmation period of the model was 2013. However, these errors in the writing of the VCS PD did not impact the results of the

	baseline scenario calculations, which actually took into consideration the correct data and followed all the steps of the applied methodology, being validated by a VVB and approved by the VCS accuracy review. The technical report of the baseline scenario developed for this project activity will be made available to the VVB team, which includes the different deforestation models produced and the kappa index for the confirmation year of 2013. In addition, these data were also included in the MR, section “project description deviations”.
DOE Assessment #12 The assessment shall encompass all open issues in the finding. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.	OK, the proponent clarified the aspects raised by the VVB in this note. Evidence was presented to corroborate the argument presented by the proponent, in addition, a PD deviation was performed in section 3.2.2 of the MR which corrected an inconsistency of the validated PD. With this, the audit team closes this appointment and attests to the project's compliance with this aspect of the methodology.
Conclusion Tick the appropriate checkbox	☐ To be checked during the next periodic verification ☐ Outstanding finding (not closed) ☒ The finding is closed