

# SOCIALCARBON REPORT

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## 1. Identifying the Project

### Basic Information

<b>Indicators</b>	Indicators for REDD + SFMP Projects, Version 1.2
<b>Project Name</b>	Agrocortex REDD Project
<b>Year-Point of Project</b>	1 (One)
<b>Monitoring period (SOCIALCARBON)</b>	01-January-2017 to 31-December-2019
<b>Version + Date of report completion</b>	Version 03, 16-October-2020
<b>Corresponding Monitoring Report (Carbon Accounting Standard)</b>	2 <sup>nd</sup> Monitoring Period 01-January-2017 to 31-December-2019
<b>Location</b>	Manoel Urbano in Acre State, Brazil Pauini and Boca do Acre in Amazonas State, Brazil

### Identifying the Project Developer

<b>Name</b>	Ecológica Assessoria Ltda.
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### Identifying the Project Proponent

<b>Name</b>	Agrocortex Madeiras do Acre Agroflorestal Ltda.
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## 2. Project Details

### 2.1. Summary Description of Project

Forests covered 30.8% of the land area in 2020, having lost 420 million hectares between 1990 and 2020, although the rate of deforestation has decreased in the last three decades to 10 million hectares per year between 2015-2020<sup>1</sup>. As for the net change in forest cover between 1990 to 2020, South America was the continent with the largest forest loss among the other continents, with deforestation of approximately 130 million hectares in the period.

Brazil has 12% of the forest area in the world and is the country with the largest number of tree species (including endemic) and one of the countries with the highest biodiversity in the world<sup>2</sup>. However, it is also the country with the largest net loss of forest cover in the world. Between 2010 and 2015, Brazil had a loss of 984 thousand ha per year, corresponding to almost 30% of what happened worldwide in the period. The expansion of the agricultural frontier due to cattle ranching, soy farming, timber collection, infrastructure and colonization have contributed to this historically high deforestation rate, which is concentrated in the northern portion of the country, where the Amazon Rainforest lies.

The primary objective of the Agrocortex REDD Project is to avoid the unplanned deforestation (AUD) of the 186,067.04 ha 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 Agrocortex Madeiras do Acre Agroflorestal Ltda., a Brazilian private company responsible for the operations of Agrocortex Florestas do Brasil S.A - the holding. The latter also holds Agrocortex Florestas Tropicais Ltda., which owns another private company named Batisflor Florestal Ltda. - the landowner of Fazenda Seringal Novo Macapá.

In March/2014, the Agrocortex holding company and Batisflor Florestal Ltda. established an agreement to harvest forest products/by-products and non-timber forest products (NTFPs) in a manner that is consistent with local ecosystem conservation, granting rights of 1) timber harvesting, 2) NTFPs extraction and 3) carbon credits to Agrocortex Madeiras do Acre Agroflorestal Ltda. (hereafter, “Agrocortex” or “the company”). Agrocortex is a sustainable development company engaged in conserving the environment through sustainable forest and NTFP management, generating greenhouse gases (GHG) emission reductions. Agrocortex started sustainable forest management operations in June/2014, which defines the project start date because the activity resulted in reduced GHG emissions.

Beyond the project’s ecological and carbon benefits, a proportion of the value from sales will be dedicated to improving the social and environmental conditions in the project region. Environmental education and other social activities that benefit the local community will be supported, as well as improving the control of deforestation. The SOCIALCARBON® Standard is being applied to assess and monitor the projects contribution to sustainability using six key indicators: Biodiversity; Nature; Financial; Human; Social and Carbon Resources.

The present REDD project is estimated to avoid a predicted 30,006 ha of deforestation, equating to 14,835,928 tCO<sub>2</sub>e in emissions reductions over the 30 year project lifetime (01-July-2014 to 30-June-2044).

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<sup>1</sup> FAO and UNEP. 2020. The State of the World’s Forests 2020. Forests, biodiversity and people. Rome. Available in: <https://doi.org/10.4060/ca8642en>

<sup>2</sup> Sistema de Informações sobre a Biodiversidade Brasileira (Brazilian Biodiversity Information System). Available in: <https://www.sibbr.gov.br/>

The project is located in the border between the States of Acre and Amazonas, within the agricultural frontier, roughly 25 kilometers south of the main highway BR-364, that crosses the State of Acre. The main deforestation drivers within the reference region during the historical period are cattle ranching, for beef production; and legal and illegal timber harvesting

Agrocortex 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 increased complexity and costs associated with the sustainable operation of the forest as well as other factors such as bureaucratic constraints and price fluctuations of certified timber prices, make sustainable forest management less competitive than illegal logging. Thus, revenue from the sales of the Verified Carbon Units (VCUs) is essential for the project activity to compete with profitable alternative land-use scenarios.

In addition to contributing to the long-term conservation of the region, the Agrocortex REDD Project also establishes a barrier against the advancement of deforestation, making it an important contribution to the conservation of biodiversity in South-western Amazon as well as climate regulation in Brazil and South America.

## **2.2. Project Location**

The Agrocortex REDD Project is located within a private property named “Fazenda Seringal Novo Macapá”, which is situated in three municipalities within the South-western Amazon region, as shown in Figure below: Manoel Urbano in the State of Acre (AC), and Pauini and Boca do Acre, in the State of Amazonas (AM). The project area is composed of one single property (in Portuguese: Fazenda) covered almost in its totality by native vegetation: Fazenda Seringal Novo Macapá, totaling 190,210 ha.

There are two transport options to reach the project area. The main one leaves from Sena Madureira, in the State of Acre. This city is located around 145 km from the Acre State capital, Rio Branco. From this city, it is about 70 km by car: it is necessary to take the BR-364 towards the municipality of Manoel Urbano (approximately 45 km), and then take a municipal road northwards to the main base of the project area (around 26 km). The second option, is by boat from Manoel Urbano, two hours down the Purus River northwards. This option is only available during the rainy season (from October to April), making it difficult to reach the area by boat during the dry season.

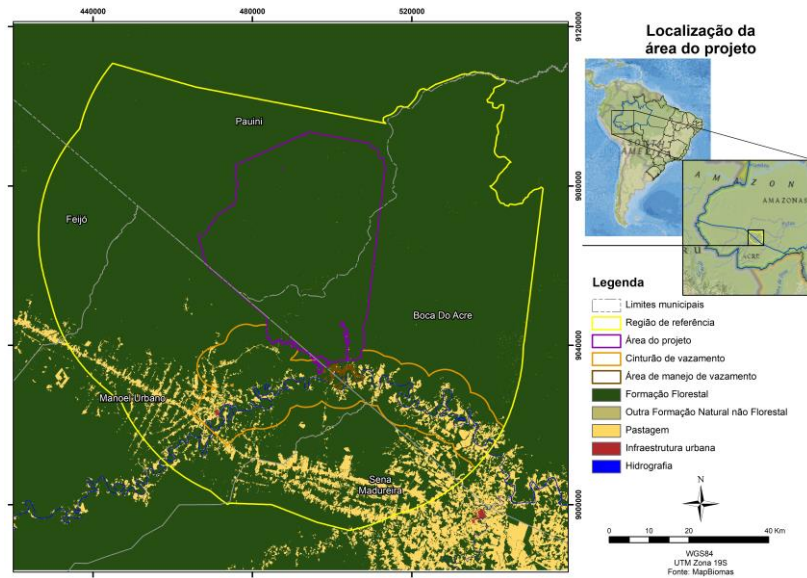


Figure 1. Agro cortex REDD project area

According to the Socioenvironmental Diagnosis of the Resident Population surrounding the Sustainable Forest Management Plan of Fazenda Seringal Novo Macapá<sup>3</sup>, which was carried out by Agro cortex in 2015, there are 9 communities living within 3km-radius from the project area:

- Itaúba,
- Extrema,
- Boca do Macapá,
- Macapá,
- Oriental;
- Santa Penha,
- São Salvador;
- São Paulo,
- Bragança

The map showing their location is available at Figure 2 below.

<sup>3</sup> AGROCORTEx MADEIRAS DO ACRE. Edson Vanda Pereira dos Santos. **Diagnóstico Socioambiental da População Residente no Entorno do Manejo Florestal Fazenda Seringal Novo Macapá**. Manoel Urbano: Agro cortex Madeiras do Acre, 2015. 61 p.

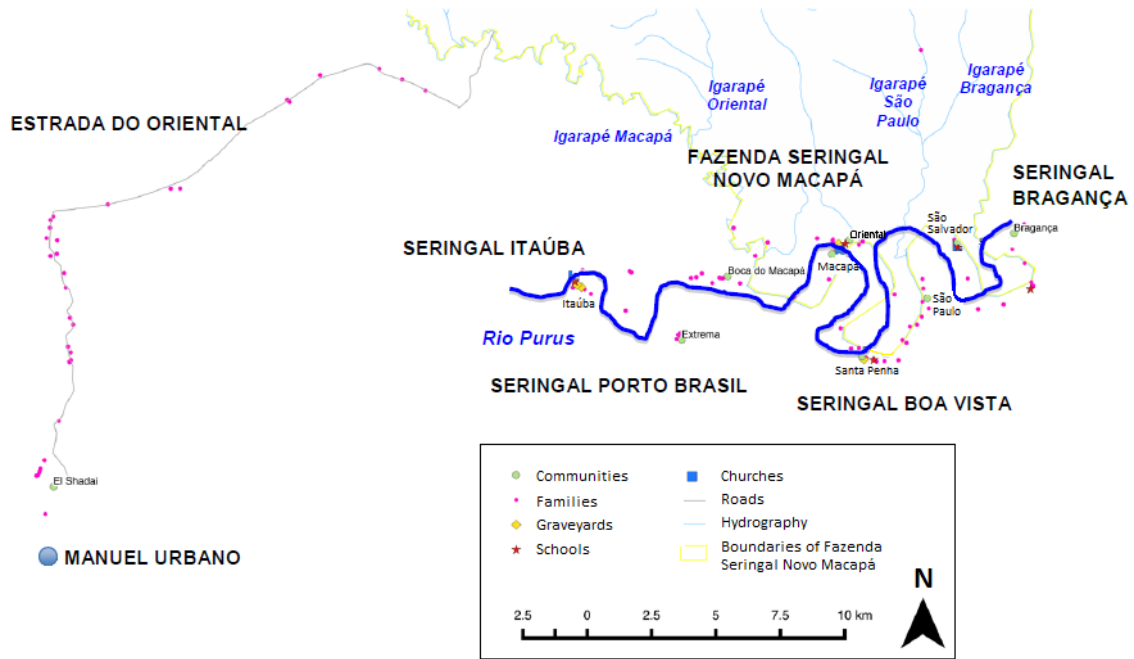


Figure 2. Location map of the communities living nearby the Agro cortex REDD Project area

### 3. Method of applying SOCIALCARBON Methodology

#### 3.1. Social, economic and environmental impacts of the emission reductions project

The table 1 below presents the major social, economical, and environmental impacts of the emission reduction project. The relevant environmental impacts, which are specifically related to the emission reductions, are described at the VCS PD, in the section of Environmental Impacts.

**Table 1.** List of social, economic and environmental impacts of the emission reduction project

Activity	Aspect	Impact	Effect		Comments/ Observation
			Beneficial	Adverse	
Sustainable forest management	Frighten animals	Hunting shortage		X	- Biodiversity resource: Biodiversity monitoring; Impact on remaining flora
Sustainable forest management	Vehicle transport	Air Pollution, Noise and soil erosion		X	- Human resource: Conflict management
Sustainable forest management	Land demarcation processes	Land tenure	X		- Natural resource: Land tenure
Sustainable forest management	Presence of company/workers on local communities	Conflicts between company/workers and local communities		X	- Human resource: Conflict management; Public health - Carbon resource: Stakeholder consultation
REDD carbon project	Conservation of Amazon Rainforest	Avoided deforestation	X		- Carbon resource: Project performance; Buffer reduction
REDD carbon project	Empowerment	Increase independence of communities in the project area.	X		- Social resource: Associations and cooperatives; Women inclusion - Human resource: Community education and training - Financial resource: Alternative income sources

					Biodiversity resource: Non timber forest products (NTFPs)
REDD carbon project	Application of the Social Carbon methodology	Encouragement, monitoring and investment on social, economic and environmental aspects in the project region.	X		<ul style="list-style-type: none"> <li>- Social resource: Women inclusion; Expansion of community activities</li> <li>- Financial resource: Secure funds; Carbon credit Investments</li> <li>- Natural resource: Social and Environmental Investments; Control and Quality monitoring</li> </ul>

### 3.2. Method used for obtaining information

The method used in the application of the SOCIALCARBON Standard indicators was carried through as follows:

Stage 01: Application of a questionnaire in Agrocortex team, which was prepared by the Ecológica Assessoria. The questionnaire is aimed to indirectly obtain information regarding the six SOCIALCARBON Standard resources based on the applied SOCIALCARBON indicators.

Stage 02: Solicitation of the answered questionnaires, including all documents and evidences.

Stage 03: Questionnaires were completed by the participants listed below, by telephone interview or internet survey.

Stage 04: Conception of the SOCIALCARBON Report.

Stage 05: Collection of evidence during the visit, such as pictures and documents to support the actions in the report.

### 3.3. Actors involved

Table 2. Participants List

Relation of Participants	
Name	Function/Job
Marcos Preto	CEO, Executive Director

**4. Results**

**4.1. Social Resource**

**1. 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.

**Comments:**

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<sup>4</sup>.

According to Sebrae<sup>5</sup> 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.
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**Index: 3 (three)**

**Perspective:** Develop a program to empower women and valorize children and adolescents, with a cycle of lectures

**2. Expansion of community activities:** Evaluates whether the community activities implemented by the company extend to all affected communities.

**Comments:**

According to the social impact studies, there are communities from 9 localities, totaling 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<sup>6</sup>;

<sup>4</sup> Available at <<https://agencia.ac.gov.br/governo-e-agrocortex-fecham-parceria-para-apoiar-artesaos/>>

<sup>5</sup> Available at <<https://m.sebrae.com.br/sites/PortalSebrae/ufs/ac/artigos/o-artesanato-acreano-e-suas-nuances.3d617ffc98a98610VgnVCM1000004c00210aRCRD>>

<sup>6</sup> Available at <<https://agencia.ac.gov.br/governo-do-acre-consolida-parceria-com-o-setor-productivo/>>

- 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.
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**Index: 3 (three)**

**Perspective:** There are currently no foreseen improvements.

**3. Associations and Cooperatives:** Evaluates whether communities residing in/around the project area are involved in 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.

**Comments:**

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).
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<b>Index: 3 (three)</b>
<b>Perspective:</b> There are currently no foreseen improvements.

#### 4.2. Human Resource

**4. 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.

**Comments:**  
 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 solve conflicts.	In addition to the previous scenario, the local community is satisfied with community activities.
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<b>Index: 4 (four)</b>
<b>Perspective:</b> Regularization of the surrounding communities and minimize invasion

**5. Public health:** Evaluates the company’s actions to mitigate the impacts of its activities related to the public health of surrounding communities.

**Comments:**  
 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	There are lectures OR campaigns to create awareness in the communities and prevent themes related to public health (e.g. prostitution, violence against	There are lectures AND campaigns to create awareness in the communities and prevent themes related to public health (e.g. prostitution, violence against	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.
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	pamphlets.	women, alcohol abuse, drug use, among others).	women, alcohol abuse, drug use, among others).		
<b>Index: 4 (four)</b>					
<b>Perspective:</b> Include other themes of public health in lectures and campaigns					

**6. 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.

**Comments:**

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 company promotes lectures on different themes.	The company offers an education / training activity in ONE of the following areas: - alternative income sources (e.g. collecting Brazil nuts) - education (e.g. literacy) - sustainable forest management	The company offers an education / training activity in TWO of the following areas: - alternative income sources (e.g. collecting Brazil nuts) - education (e.g. literacy) - sustainable forest management	The company offers an education / training activity in the following areas: - alternative income sources (e.g. collecting Brazil nuts) - education (e.g. literacy) - sustainable forest management	In addition to the previous scenario, the company simulates entrepreneurship (e.g. support, microloans among others).
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<b>Index: 4 (four)</b>					
<b>Perspective:</b> There are currently no foreseen improvements.					

**4.3. Financial Resource**

**7. Alternative income sources:** Evaluates whether the project created alternative sources of income generation for the communities living within/surrounding the project area.

**Comments:**  
The company hires community members to work in the Sustainable Forest Management Plan with FSC. Agrocortex is Manoel Urbano’s largest employer and one of the largest in the State of Acre. Agrocortex 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 communities.
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**Index: 3 (three)**

**Perspective:** The company will start to acquire native seeds from the community to produce seedlings in its nursery

**8. 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.

**Comments:**  
100% of all credit sales are invested in Agrocortex’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 Agrocortex 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 Agrocortex’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 distributed to the carbon project or in the community, or there are no organized controls of the allocation of proceeds.	Less than 20% of the income generated by carbon credit sales was distributed to the carbon project or in the community development.	Between 20 and 40% of the income generated by carbon credit sales was distributed to the carbon project or in the community development.	Between 40 and 60% of the income generated by carbon credit sales was distributed to the carbon project or in the community development.	Between 60 and 80% of the income generated by carbon credit sales was distributed to the carbon project or in the community development.	Between 80 and 100% of the income generated by carbon credit sales was distributed to the carbon project or in the community development.
<b>Index: 6 (six)</b>					
<b>Perspective:</b> There are currently no foreseen improvements.					

<b>9. Securing of funds:</b> 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.					
<b>Comments:</b> 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. However, the latter were inactive or nonexistent in the period analysed.	The project proponent participates in programs/ requests for proposal, and has secured funding, and initiatives have been put into practice. In the period analysed at least one initiative is operating.	The project proponent participates in programs/ requests for proposal, and has secured funding, and initiatives have been put into practice. In the period analysed, more than one initiative is operating, however the latter are not self-sustaining (they require funding to continue).	As well as the previous scenario, at least one of the initiatives undertaken is financially self-sufficient, not requiring any further funding to continue.
<b>Index: 4 (four)</b>					
<b>Perspective:</b> There are currently no foreseen improvements.					

**4.4. Natural Resource**

**10. Land tenure:** Evaluates the existence of conflicts due to land tenure, as well as whether actions are being taken to manage the issue.

<p><b>Comments:</b></p> <p>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.</p> <p>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.</p> <p>Agro cortex started a dialogue to solve this land tenure conflict. Some meetings were held with some community members.</p> <p>It is important to note that this land tenure conflict area is not part of the Agro cortex REDD Project area.</p> <p>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.</p> <p>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.</p>					
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.
<p><b>Index: 3 (three)</b></p>					
<p><b>Perspective:</b> The company would like to start the land tenure regularization procedure with the communities</p>					

**11. Social and environmental investments:** Evaluates the socio-environmental investments in the different areas: education; alternative income generation; environment; sport and infrastructure.

**Comments:**

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.
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**Index: 4 (four)**

**Perspective:** There are currently no foreseen improvements.

**12. Quality control:** Evaluates the quality control of the management plan operation.

**Comments:**

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.
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**Index: 6 (six)**

**Perspective:** There are currently no foreseen improvements.

**4.5. Biodiversity Resource**

**13. Non-timber forest products (NTFPs):** Evaluates the sustainable use of natural resources by communities in/around 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,

<p>rattan, bamboo, etc.” (Brazilian Forest Service, 2013). Sustainable practices are taken to include the following:</p> <ul style="list-style-type: none"> <li>- Low-impact practices;</li> <li>- 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.</li> </ul>					
<p><b>Comments:</b> Non-timber forest products are used mainly for subsistence purposes. The community maintains a small production of cassava flour, <i>copaiba</i> oil and <i>açaí</i>, which is used for sale and exchanges for other supplies</p>					
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.
<p><b>Index: 2 (two)</b></p>					
<p><b>Perspective:</b> There are currently no foreseen improvements.</p>					

<p><b>14. Biodiversity monitoring:</b> Evaluates whether the company has actions to identify and monitor the local fauna and flora.</p>					
<p><b>Comments:</b></p> <ul style="list-style-type: none"> <li>- Flora monitoring is made through the Impact Assessment Report on Permanent Plots, made in 2019, and the Forest Inventories, made annually.</li> <li>- Fauna is monitored through the Fauna Report, last edition made in 2016.</li> </ul>					
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).
<p><b>Index: 3 (three)</b></p>					
<p><b>Perspective:</b> There are currently no foreseen improvements.</p>					

<p><b>15. Impact on remaining flora:</b> Evaluates the company actions to monitor the impact on the remaining flora.</p>					
<p><b>Comments:</b> 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</p>					

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.
<b>Index: 5 (five)</b>					
<b>Perspective: Expand planting activities, with different species in enrichment and restoring plantations, and the production of seedlings from several native species</b>					

#### 4.6. Carbon Resource

**16. Buffer reduction:** Measures the progression of the buffer in the current monitoring period compared to VCS PD and Monitoring Report.

**Comments:** 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 than in any other monitoring period (or compared to the PD).	The buffer reduced by 0 to 5% compared to the previous monitoring period (or compared to the PD).	The buffer reduced by up to 10% compared to the previous monitoring period (or compared to the PD).	The buffer reduced by up to 15% compared to the previous monitoring period (or compared to the PD).	The buffer reduced by up to 20% compared to the previous monitoring period (or compared to the PD).	The buffer reduced by more than 20% compared to the previous monitoring period (or compared to the PD). Or The buffer is currently at the minimum V-C-S requirement.
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**Index:** 2 (two)

**Perspective:** There are currently no foreseen improvements.

**17. Stakeholder consultation:** Evaluates the methodology used for the stakeholder consultation regarding the carbon project.

**Comments:**

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 Agrocortex 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 Agrocortex 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](mailto: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.
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**Index:** 4 (four)

**Perspective:** Conduct another Stakeholder Consultation Meeting and formalize Stakeholder's comments to facilitate the implementation of suggestions.

**18. 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.

**Comments:** Comparing the 2nd monitoring period (from 01-January-2017 to 31-December-2019) and the VCS PD estimates:

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 excellent, with the generation of carbon credits very close to 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.
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**Index: 6 (six)**

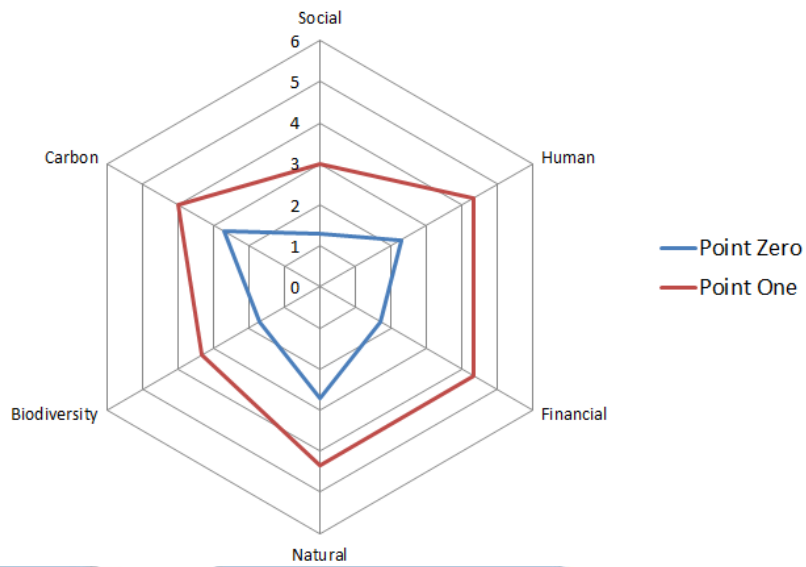
**Perspective:** There are currently no foreseen improvements.

## 5. Historic analyses

**Table 3.** Historic performance of the Resources:

Resource	Point Zero	Point One
<b>Social</b>	<b>1.3</b>	<b>3.0</b>
Historic Analysis of Social Resources: 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.		
<b>Human</b>	<b>2.3</b>	<b>4.3</b>
Historic Analysis of Human Resources: In the current monitoring period, Agrocortex 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.		
<b>Financial</b>	<b>1.7</b>	<b>4.3</b>
Historic Analysis of Financial Resources: 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.		
<b>Natural</b>	<b>2.7</b>	<b>4.3</b>
Historic Analysis of Natural Resources: Agrocortex maintains the efforts mentioned in Point Zero,		

<p>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.</p>		
<b>Biodiversity</b>	<b>1.7</b>	<b>3.3</b>
<p>Historic Analysis of Biodiversity Resources: 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.</p>		
<b>Carbon</b>	<b>2.7</b>	<b>4.0</b>
<p>Historic Analysis of Carbon Resources: 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.</p> <p>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.</p> <p>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.</p> <p>There was a great advance compared to the last report, much due to the progress of the project and commitment of the company.</p>		
<b>General Performance</b>	<b>2.1</b>	<b>3.9</b>



**Figure 3. Project Performance**

**6. Prospects**

**6.1. Status of the prospects from the last verified SCR**

- Achieved prospects

• Social Resource	
Indicator	<b>Expansion of community activities</b>
Prospect	Part of the community does not understand the activities of the management plan having a mistaken view, as they believe that the activities generate deforestation in the region. Because of this, the company aims to do a site visit to the sustainable management plan activities with the local community to show/explain the activities that occur and how it is beneficial to the region.
Details	The project activity was presented to the community in meetings, answering questions and reassuring the residents of the area about the deforestation that happens due to the company's activity. In addition, with the decrease in the number of species explored, the community was even more satisfied with the project, as it understands that this way, there is less negative impact on nature.

Human Resource	
Indicator	<b>Conflict management</b>
Prospect	The company aims to hire a full time professional to live in the project area and improve their communication with the local community.
Details	A social worker was hired for 3 years, but the role was absorbed by the HR sector in the company, due to budget cuts. Currently, the HR sector maintains contact and the company's relationship with communities

Natural Resource	
Indicator	<b>Quality control</b>
Prospect	The company aims to conduct monthly audits with weekly quality control.
Details	In addition to the external FSC and IBAMA external audit, the company implemented an internal audit to monitor the quality and development of the SFMP. Both internal and external audits occur once a year.

Financial Resource	
Indicator	<b>Alternative income sources</b>
Prospect	The company aims to do a survey of alternative income sources for local communities.
Details	There was an agreement for the extraction of bamboo, but it was not consolidated. The company is still studying new alternatives to be implemented

Carbon Resource	
Indicator	Stakeholder consultation
Prospect	The company aims to do a stakeholder consultation regarding the carbon project in the project area in the next months.
Details	A Stakeholder Consultation was carried out during the validation of the project. In addition, the company maintains contact with the community and employees, and provides a suggestion box to receive feedback on the project. There are also meetings to evaluate the performance and impacts of the project, such as the consultation with the local community during the FSC certification and the periodic meetings of the company with the local city hall

- Not achieved prospects

Biodiversity Resource	
Indicator	Biodiversity monitoring
Prospect	Update flora monitoring
Follow up	A fauna monitoring report was developed in 2016 and it was not updated during current monitoring period. A new report is scheduled for 2020.

## 6.2. Prospects

Table 4. Main perspectives identified during the diagnostic:

Social Resource	
Indicator: Women inclusion	Develop a program to value women, children, and adolescents, with a cycle of lectures
Responsible	Marcos Preto
Timescale	3 years

Human Resource	
Indicator: Conflict management	Regularization of the surrounding communities and minimize invasion
Responsible:	Marcos Preto
Timescale:	3 years

Indicator: Public Health	Include other themes of public health in lectures and campaigns
Responsible:	Marcos Preto
Timescale:	3 years

Financial Resource	
Indicator: Alternative income sources	The company will start to acquire native seeds from the community to produce seedlings in its nursery

Responsible:	Marcos Preto
Timescale:	3 years

Natural Resource	
Indicator: Land Tenure	The company would like to start the land tenure regularization procedure with the communities
Responsible:	Marcos Preto
Timescale:	3 years

Biodiversity Resource	
Indicator: Impact on remaining flora	Expand planting activities, with different species in enrichment and restoring plantations, and the production of seedlings from several native species.
Responsible:	Marcos Preto
Timescale:	3 years

Carbon Resource	
Indicator: Stakeholder Consultation	Conduct another Stakeholder Consultation Meeting and formalize Stakeholder's comments to facilitate the implementation of suggestions.
Responsible:	Marcos Preto
Timescale:	3 years