AMAZON RIO REDD+ IFM PROJECT VCS VERIFICATION REPORT TO EBCF

Rainforest Alliance

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Summary:

This report is of the Amazon River IFM project verification process results against the VCS (version 3) standards. It aims to systematically assess conformance with the indicators and requirements of these documents. The evaluation was done by means of document analysis, interviews with interested parties and relevant actors, observations and measurements made directly in the field. The audit team had six people, five auditors in the field and one desk-based auditor. Fieldwork lasted five days, between 15 and 21 February 2017. During this period the audit team carried out forest inventories, travelled through rivers and roads analysing different aspects of the landscape, and interviewed residents from communities within the project zone.

This IFM project aims to reduce GHG emissions by creating sustainable development reserves, and by ceasing forest management activities that would otherwise cause forest degradation - part of the baseline scenario. Developed on the basis of methodology VM0011 v1.0, the project estimates the total reduction in GHG emissions of 1,853,000 tCO2e in relation to the baseline scenario over 36 years. In the first monitoring period from 5 June 2013 to 4 June 2017 the project has avoided the emission of 202,787 tCO2e. This project verification and validation audits were simultaneously performed. All issues raised by the audit team during the auditing process were previously resolved by the project proponent. The verification conclusion is positive.

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1 INTRODUCTION

Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA. Rainforest Alliance is an ANSI ISO 14065:2013 accredited validation and verification body; additionally, Rainforest Alliance is a member of the Climate, Community, and Biodiversity Alliance (CCBA) standards, and an approved verification body with a number of other forest carbon project standards. For a complete list of the services provided by the Rainforest Alliance, see http://www.rainforest-alliance.org/climate.cfm?id=international_standards.

The Instituto de Manejo e Certificação Florestal e Agrícola - IMAFLORA works in partnership with the Rainforest Alliance under its accreditation, delivering certification, validation and verification services of forest enterprises and carbon projects in Brazil. For a full list of services offered by Imaflora visit: http://www.imaflora.org/certificacao-socioambiental_carbono.php.

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1.1 Objective

The purpose of this report is to document the conformance of Amazon RIO REDD+ IFM project with the requirements of the VCS Version 3. The project was developed by EBCF – “Empresa Brasileira de Conservação de Florestas”, hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standard(s).

1.2 Scope and Criteria

Scope: The scope of the validation audit is to assess the conformance of the Amazon RIO REDD+ IFM Project in Manicoré, AM, Brasil, against the Climate, Community, and Biodiversity Standard Third Edition (2013) and VCS version 3. The objectives of this audit included an assessment of the project’s conformance with the standard criteria. In addition, the audit assessed the project with respect to the baseline scenarios presented in the project design document. The project covers an area of 18.559 ha. The land is private. The project has a lifetime of 36 years, and estimates it will avoid the emission of

1,853,000 tCO2e over the course of the project lifetime and has reduced the emissions of 202,791 tCO2e over the first monitoring period.

Standard criteria: Criteria from the following documents were used to assess this project:

- Verified Carbon Standard Program Guide 2017 v. 3.7;
- Verified Carbon Standard 2017 v. 3.7;
- Verified Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements 2017 v. 3.6;
- Verified Carbon Standard AFOLU Non-Permanence Risk Tool 2016 v.3.3;
- VM0011 – Improved Forest Management - Logged to Protected Forest (IFM-LtPF) v1.0;

Materiality: All material GHG sinks, sources and/or reservoirs (SSRs) and GHG emissions equal to or greater than 5% of the total GHG assertion were considered in the verification decision. The project average annual GHG emissions reduction is 50,697tCO2e. The project ex-post estimates resulted in the avoided emissions of 202,787 tCO2e during the first monitoring period. Hence, it is not considered as a VCS large project because the net GHG emissions will not exceed 300,000 t CO2 yr-1 and is thus subject to a 5% materiality threshold.

1.3 Level of Assurance

The assessment was conducted to assess the project conformance to the applicable standards and the defined audit criteria and materiality thresholds within the audit scope with a reasonable level of assurance. Based on the audit findings, a positive evaluation statement reasonably assures that the project GHG assertion is materially correct and is a fair representation of the GHG data and information.

1.4 Summary Description of the Project

The Amazon Rio Project consists in preserving a mosaic of four particular areas named Amazon Rio I, II, III, and IV, totaling 18,559 hectares of forest, located in the City of Manicoré, State of Amazonas. The Project's main goals are: (i) to conserve forest ecosystems and biodiversity; (ii) to sustainable develop the area, including promotion of ecotourism and scientific research, and (iii) to reduce carbon dioxide (CO_2) emissions by containing forest degradation through the suspension of forest management activities authorized by the pertaining environmental agency at the project area.

The abovementioned management plan was approved in 1998, authorizing the selective harvest of wood

within an area of 18,559 ha[1], over a period of 25 years. From 1999 to 2009, 4,347.69 ha had been exploited due to the authorized forest operation (ref. 06). In February 2011, the area was acquired by *Empresa Brasileira de Conservação de Florestas* (Brazilian Enterprise for Forest Conservation - EBCF), which took important decisions to implement the project objectives: suspending existing wood extraction operations in the project areas and transforming them into Private Reserves for Sustainable Growth (RPDSs). The first of the main private areas was transformed into a protected area in June 2013, by the Amazonas Department of Environment and Sustainable Development (SDS), via Ordinance/SDS/No. 86/2013. The other private areas, Amazon Rio II, III and IV, are under analysis by the SDS for future homologation. It is proposed that the four areas form an integrated system of Private Conservation Units managed by EBCF by means of a Management Plan (ref. 29).

The earnings from carbon credits will be used to maintain the forest by implementing the activities provided in the Reserve Management Plan (ref. 29), including social and environmental monitoring programs. In addition to the carbon credits, the proponent intends to obtain earnings by the Legal Reserve Compensation (CRA)[2]. Having those financial mechanisms focusing on conservation, it is estimated that after the actions of Amazon RIO REDD+ IFM Project are implemented they shall prevent the emission of about 1,853,000 tCO2e over a period of 36 years and positively affect the biodiversity and communities within this project.

In its social scope, the project intends to improve the quality of life of 450 families that live in the 15 communities within the project zone, by means of actions related to health, education, and income generation. The positive impacts to biodiversity, planned by the proponent, arise from the very creation of protected areas, forming wildlife corridors that will foster the protection of endangered species and those species that attract commercial interest and landscape preservation. It is important to emphasize that the expected impacts in biodiversity and communities from the project implementation are related to the monitoring programs that will incorporate the participation of the communities in taking actions for environmental conservation.

[1] Effective management area, not considering permanent preservation areas and watercourses.

[2] The Legal Reserve Compensation - CRL is a provision set forth in item III and paragraphs 5-7 of art. 66 of the Forest Code (Federal Law No. 12.651/2012) authorizing public domain Conservation Units with pending land property regularization to receive, as a donation, private properties located within its limits for Legal Reserve Compensation purposes of properties outside the CU, since they are in the same biome.

2 VERIFICATION PROCESS

2.1 Method and Criteria

The audit was carried out by a combination of a field assessment and desk-based assessment of the project documentation. The field-work took place from February 15 to 21, 2017. During this period, five auditors covered the project area, taking notes, performing measurements and interviewing residents around the reservation and the project team, in such a way as to ensure a representative sampling of all auditable criteria. In this sense, five forest inventory plots were "re-inventoried", and seven existing communities were visited by the audit team.

The audit team considers the adopted sampling design sufficient for decision making regarding the analysis of project compliance to the applicable requirements.

Additionally, during the field-work, the audit team interviewed representatives of competent government agencies in the area and had a field excursion to one of the management areas as well as a sawmill controlled by the proponent that is currently unused and not within the project scope. The remote review of project documentation focused on issues related to financial aspects, reserve management plan, methodology application, principles adopted in the project, parameters employed and, ultimately, estimating the reduction of GHG emissions. A desk review of the project documentation was performed at Imaflora's office before commencing the audit in February 2017. Final evaluation of project documentation was completed after the completion of the project description and submission of the Monitoring Report.

The table below shows the audit team and its qualifications:

Auditor(s)	Qualifications
Bruno B. Souza – Lead auditor	Climate and Environmental Services Coordinator at Imaflora. Senior lead auditor. Forest Engineer graduated by Escola Superior de Agricultura "Luiz de Queiroz" (ESALQ). Biologist graduated by Universidade de São Paulo (USP). Bruno was empowered by the Instituto Floresta Tropical (IFT) and Imaflora through intensive evaluations in FSC Forest Certification and Reduced Impact Exploration. He was trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004). He has six years of work experience in FSC, when he worked with forest management and chain of custody certification, which has included promotional statements and trademark approval processes. He was trained to be a carbon auditor by Rainforest Alliance and currently integrates Imaflora's climate team. He has technical expertise on VCS and CCB standards and is also

	experienced on the development of REDD+ policies social and environmental safeguards. He has three years of work experience with climate changes, payment for environmental services and environmental services certification schemes, when he had audited several projects in Brazil.
Bruno Castro – Auditor	Forestry Engineer at ESALQ / USP, with 5 years of experience in forest management in the Amazon. Postgraduate in Integrated Management of Socioecological Systems of Family Production in the Legal Amazon by the University of Florida (UF). Participated in the Management Course on Management and Exploration of Reduced Impact delivered by IFT in 2011 and the Course on Monitoring of Forest Management by Imazon in 2012. Additional training as a leading auditor in Environmental Management Systems - Lead Advisor ISO 14001: 2015 by ATSG, Recognized by ABENDI / RAC (OTR 012).
Isabel Drigo – Desk reviewer	PhD in Environmental science by PROCAM/USP/AgroParisTech/França, with thesis about barriers on implantation of forest concessions in Latin America. Author of a dissertation about impacts of FSC forest certification over two communities in the state of Acre. She was trained to be an internal auditor of FM-06, April 19th, 2012 ISO 9001:2000. She has seven years of experience in audit teams administration at organic certification processes. Since 2008 she executes audits over the social principle and criteria in community forest management and in forest management enterprises. She was also trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004) and to be a carbon auditor by Imaflora.
Mauro Isler – Auditor	Agronomist with experience in GMP, GLOBALGAP, organic audits and systems of production and quality management in agricultural and forestry production, acting as auditor since 1997. Lead auditor ISO 9000: 2000 conferred by ATSG / INMETRO in 2004. Specialist in Tourism and Environment. Has training in auditing FSC certification of forest management conferred by IMAFLORA in 2013.
Renan Kamimura – Auditor	Forest Engineer graduated by Lavras Federal University (UFLA) in 2009. Renan has a strong working experience with environmental conservation and rural socioeconomic development projects. He is a specialist in GIS and forest biomass inventory, having worked on several REDD+ projects and PES initiatives as a consultant, developer and manager in Brazil. Renan has a comprehensive

	field experience in Amazon, Cerrado, Caatinga and Mata Altlântica biomes.
Thales West – Auditor	Thales has a BA in forest engineering and an MSc in forest resources, both from the University of Sao Paulo. Thales started working with forest carbon projects in 2008, and since 2011 he works as a climate specialist auditor for the Rainforest Alliance. He is a PhD for the University of Florida, focused on land-use change decisions, remote sensing, and deforestation modelling under REDD+ initiatives.
Jeff Hayward Senior Internal Reviewer (RRA Reviewer)	Jeff is a former Vice President with Rainforest Alliance where he led global field programs' design, implementation, innovation, fundraising, leadership and strategic planning. He has 25 years' experience advancing sustainability in natural resource management through private sector engagement and public sector policy mechanisms to harness markets responsibly. His expertise includes sustainable value chain strengthening, forests and climate policy, climate-smart agriculture, climate resilience for smallholders, carbon verification, agriculture and forest auditing, and capacity-building. For nearly six years he managed the Rainforest Alliance forest certification programs in the Asia-Pacific region, based in Jakarta. He has been a lead auditor on well over 100 audits of forestry operations, agribusinesses, and carbon projects. He has been lead trainer for 100s of technicians in forest assessment, legality and carbon auditing. Mr. Hayward has served on several external forest and climate task forces and advisory committees. He led delegations to the annual Conference of the Parties to the United Nations Framework Convention on Climate Change from 2007 to 2016. He has worked in over 25 countries and speaks Spanish and Indonesian. He earned the MSci. Forestry degree from University of British Columbia (1998) and BA in International Studies from the University of Washington (1988).

2.2 Document Review

The following documentation was reviewed as a part of the processes assessing project conformance regarding requirements of applicable standards and methodologies. The table below shows numeric and specific references to the documents analyzed. Those references in the report indicate how documents have been used to review the project description, monitoring report, and comparative analyses supporting the audit team decision-making process regarding project conformance with the applicable standards and

methodologies under discussion and, ultimately, verification of the GHG assertion.

Ref.	Title, Autor, Version, Date	Electronic File Name
1	PDD VCS & CCB	CCB_PROJ_DESC_POR_DRAFT_1147_09SEP2016.pdf
2	Relatório de Monitoramento VCS & CCB	CCB_IMP_REP_POR_DRAFT_1147_17AUG2012_29MAR2016_V1.pdf
3	VCS VM0011: Metodologia para a Melhoria de Gestão Florestal - Floresta Manejada para Floresta Protegida (IFM LFPF): Calculando os benefícios da redução de emissões pela degradação evitada. Versão 1.0	VM0011 IFM-LtpF.pdf
4	Procedimentos Operacionais do Inventário Florestal	HDOM#P023_Standard-Operating-Procedures_v12.pdf
5	Tamanho de parcela amostral para inventários florestais	HIGUCHI, N.; SANTOS, J. dos; JARDIM, F. C. S. 1982. Tamanho de parcela amostral para inventários florestais. **Acta Amazonica**, Manaus, v. 12, n. 1, p. 91-103.
6	Mapa de Fitofisionomias florestais da Região de Referência do Projeto	Anexo 5_Mapas de Fitofisionomia.pdf
7	EIA-RIMA e Plano de Manejo Sustentável – Valdenor II	anexo 3_Projeto mae Valdenor II - Gethal 1997.pdf
8	Licenças de Instalação e Operação, Planos de Operação Anual do MFS, Documentos de Origem Florestal	Anexo 4_L.O. todas UPAS.pdf
9	Limites geográficos georreferenciados dos doze (12) imóveis rurais que integram a AP	EBCF\mapas/Shapes (Pasta contendo vários shapefiles e mapas)
10	RELATÓRIO TÉCNICO INVENTÁRIO FLORESTAL NAS RPDS AMAZONRIO VERSÃO 1.0. HDOM CONSULTORIA AMBIENTAL. 27/01/2016	HDOM#P023_Relatorio-Tecnico_v1.pdf
11	VCS AFOLU Requirements v3.4	VCS AFOLU Requirements v3.4.pdf
12	VCS Standard v3.4	VCS Standard v3.4.pdf
13	Certidões de Inteiro Teor e memoriais descritivos	Anexo 11 - Escrituras dos doze imóveis rurais
14	Certidões de Cadastro de Imóvel Rural (CCIR) - INCRA	CCIR de onze imóveis rurais
16	Planilha de cálculo *ex ante* da linha de base das emissões de GEE do Projeto	Anexo 18_planilha de calculos de emissoes_v_final_2016.xlsx
17	Relatório de Certificação florestal do MFS	anexo 14_Certificacao SmartWood Gethal.pdf

18	Declaração legal de venda e comercialização de produtos florestais do MFS	anexo 13_Declaracoes de venda Gethal
19	Analise de risco de não permanência, EBCF	anexo 22_An+ílise de risco de n+úo perman+¬ncia _buffer v.4.xlsx
20	Autorizações de exploração e planos operacionais anuais	Anexo 6_POA e AUTEX.zip
21	Planilha Financeira, EBCF	Anexo 16_Analise Fluxo de Caixa-Amazon rio_v_finalxlsx.xlsx
22	Análise de adicionalidade financeira, EBCF	Anexo 17 - An+ílise financeira_baseline_adicionalidade.xlsx
23	Plano de negócios	Anexo 27_plano de negócios
28	Portaria/SDS/n° 86/2013	DIARIO OFICIAL DOE - RPDS AR I.pdf
29	Plano de gestão da reserva	Anexo 09_Plano de gest+úo e anexos.zip
30	Relatorio CLPI, EBCF	Anexo 10_Consentimento Livre Previo e Informado (CLPI)_Amazon_Rio.pdf
31	Planilha de emissões do projeto, EBCF	Anexo 21_EBCF consumo de energia e transporte+balan+ºofinal_Final.xls
32	PDD VCS & CCB EBCF v.3.1	Amazon Rio REDD_VCS CCB PD_PORT_final_3.1_13072017.pdf
33	Arquivos SIG revisados	Anexo 33_GIS files.rar
34	Análise de risco revisada EBCF 09Ago17	Anexo 31_VCS Non-Permanence Risk Report Template, v3.2.doc Anexo 22_VCS Risk Report Calculation Tool, v3.1.xls
35	Licenças Operacionais_EBCF	Anexo 1_Autorizacoes LO PMFS referente as areas ja manejadas.xls
36	Relatório tecnico Hdom v1.0	HDOM#P023_Relatorio-Tecnico-Estimativa-Biomassa_v1.pdf
37	Planilha de calculo revisada (ex-ante)	Anexo 18_planilha de calculos de emissoes_vs_final.xlsx
38	Cronograma Físico-financeiro do projeto_EBCF	Anexo_41 - Cronograma fisico_financeiro projeto REDD.xlsx
39	Diário Oficial do Estado	Diário Oficial do Estado.jpg
40	Matriz de análise de impactos_EBCF	Anexo_38 - Matriz de análise de impactos das atividades do projeto.xlsx
41	Materiais da segunda rodada de oficinas junto as comunidades do entorno_apresentação, relatórios, listas de rpesença, listas de distribição, registros fotográficos, questionários preenchidos, recibo de entrega de resumo executivo, protocol de resolução de conflitos, politica anti-discriminação e contratação, matriz de	Anexo_42a - Relatório_Oficinas_CCBA.docx Anexo_42b - Anexos_Oficinas_CCBA.docx Anexo_42b1_Anexo I - Convite das oficinas.rar Anexo_42b2_Anexo II - Lista de Presença.rar Anexo_42b3_Anexo III - Caderno_Comunitário.pdf Anexo_42b4_AnexoIV - Apresentação_Oficina_EBCF.pptx Anexo_42b5_Anexo V - Entrega Resumo Executivo.rar

	sustentabilidade_EBCF	Anexo_42b6_Anexo VI - Protocolo de Resolução de conflitos EBCF.docx Anexo_42b7_Anexo VII - Política Antidiscriminação e contratação.docx Anexo_42b8_Anexo VIII - Matriz de sustentabilidade, reaplicação.pptx Anexo_42b10_Anexo X - Registro fotográfico.docx Anexo_42b11_Anexo XI - Questionários de entendimento das oficinas.rar
42	Política anti-discriminação e contratação_EBCF	Anexo_43 - Política Antidiscriminação e contratação.docx
43	Protocolo de recebimento de queixas e resolução de conflitos_EBCF	Anexo_42b6_Anexo VI - Protocolo de Resolução de conflitos EBCF.docx
44	Mapas de zoneamento_EBCF	Mapas_EBCF.rar
45	SOPs_HDOM	HDOM#P023_Standard-Operating-Procedures_v1.pdf
46	Planilha complementar de calculo de emissões_EBCF	Anexo 21_EBCF consumo de energia e transporte+balançofinal_Final.xls
48	Planilha financeira revisada	

2.3 Interviews

The audit team carried out a broad consultation process with the interested parties. Direct consultations were carried out with stakeholders within the cities of Manicoré and in the communities surrounding the project.

The audit team visited 7 of 15 communities identified in the PDD.

The communities of Jatuarana, Terra Preta do Rio Manicoré, Água Azul, Bom Sucesso, Pandegal, Aldeia Kamaiua, and Terra Preta were visited. Interviews were performed individually or with families or people from the community, including 152 individuals, including interviews with community leaders. Of the leaders interviewed, these included presidents of community associations, Indigenous chiefs, religious groups coordinators, neighborhood association directors or treasurers, health community agents and association members.

In Manicoré, the team spoke to private, public local, state and federal institutions, which are directly or indirectly related to the project. The audit team interviewed representatives from COMEVA (*Cooperativa Verde de Manicoré* - Manicoré Green Cooperative), IEB (*Instituto Internacional de Educação do Brasil* - International Institute of Education of Brazil) and, those from the public sector and civil society, included the City Department of Agriculture and *Instituto Chico Mendes de Conservação da Biosdiversidade*

(Chico Mendes Institute for Biodiversity Conservation - ICMBio).

Before the community consultation a workshop was held at Democracia community, at which other communities participated as an integral part of the field-based assessment carried out during February 13 and 14, 2017. At the Workshop, technicians were able to talk to the residents about the FSC Certification processes, which are currently ongoing as well, and received general information on RPDS creation and REDD+ process. 13 people from 3 communities (Jatuarana, Democracia, and Vista Alegre) attended this workshop.

The chart below summarizes the interactions with the actors who are relevant for interviewing purposes, considering the scope of this verification:

Interviewed	**Local**	**Date**	**Number of participants**
Coraci Pereira da Costa, morador comunidade Jatuarana	Comunidade Jatuarana, Manicoré	16/02/2017	02
Marcio Leno da Costa, tesoureiro da associação da comunidade Jatuarana	Comunidade Jatuarana, Manicoré	16/02/2017	02
João Bosco Pereira de Souza, morador comunidade Jatuarana	Comunidade Jatuarana, Manicoré	16/02/2017	02
Zuleide Ferreira Pereira, moradora comunidade Jatuarana	Comunidade Jatuarana, Manicoré	2/16/2017.	02
Eunice Oliveira de Souza, moradora comunidade Jatuarana	Comunidade Jatuarana, Manicoré	16/02/2017	02
Maria de Lurdes Pereira, moradora comunidade Jatuarana	Comunidade Jatuarana, Manicoré	16/02/2017	02
Manoel do Rosário Paula da Costa, Secretario Municipal de Agricultura	Manicoré	17/02/2017	01
Francivani Fernandes, assessora de projetos IEB Sul Amazonas	Manicoré	17/02/2017	04
Ignácio Oliete, Consultor FVA	Manicoré	17/02/2017	04
Adaldino da Paixão Veiga dos Santos, Presidente da COVEMA, Usina de beneficiamento de castanha. (local coop representative)	Manicoré	17/02/2017	04
Clodoaldo Leal Filho, Tesoureiro COVEMA (local coop representative)	Manicoré	17/02/2017	04
Victor Bruno, técnico ambiental ICMBio (Goverment)	Manicoré	17/02/2017	01
Manoel José Ferreira Vieira, ribeirinho próximo da comunidade Terra Preta do Rio Manicoré	Colocação São Francisco, Manicoré	17/02/2017	02
Neide Delgado Vieira, ribeirinho próximo da comunidade Terra Preta do Rio Manicoré	Colocação São Francisco, Manicoré	17/02/2017	02
Francisco Campos dos Reis, coordenador da igreja da	Comunidade Terra Preta do Rio Manicoré	17/02/2017	03

Comunidade Terra Preta do Rio Manicoré			
Maria Alves Miranda, agente comunitária de saúde da comunidade Terra Preta do Rio Manicoré	Comunidade Terra Preta do Rio Manicoré	17/02/2017	03
Dinalva Miranda dos Reis, secretaria da associação da comunidade Terra Preta do Rio Manicoré	Comunidade Terra Preta do Rio Manicoré	17/02/2017	03
Francinéia Costa de Souza, secretaria da associação da comunidade Água Azul.	Comunidade Água Azul, Manicoré	18/02/2017	02
Francisca Jurinéia Pinto da Costa. Agente comunitária de saúde da comunidade Água Azul.	Comunidade Água Azul, Manicoré	18/02/2017	02
Maria das Dores Claro de Carvalho, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Deucilene Moraes Arcanjo, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso	18/02/2017	09
Valdecir Albuquerque de carvalho, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Mercedes Teixeira Claro, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Rivelino Claro de Carvalho, presidente da associação da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Isael Claro de Carvalho, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
José Alicio Araújo Assunção, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Wilson Correia Carvalho, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Lenil Teixeira Correia, morador da comunidade Bom Sucesso	Comunidade Bom Sucesso, Manicoré	18/02/2017	09
Adailzo Cangati Barbosa, ribeirinho lado esquerdo do Rio Madeira, membro da associação da comunidade Pandegal	Comunidade Pandegal, Manicoré	18/02/2017	02
Gil Cangati Barbosa, ribeirinho lado esquerdo do Rio Madeira	Comunidade Pandegal, Manicoré	18/02/2017	02
Eraldo Felix da Cruz, Cacique aldeia Kamaiua	Aldeia Kamaiua, Br 174, Manicoré	18/02/2017	05
Eliana Mendes Franco, agente comunitária de saúde aldeia Kamaiua	Aldeia Kamaiua, Br 174, Manicoré	18/02/2017	05
Edison Felix da Cruz, morador aldeia Kamaiua	Aldeia Kamaiua, Br 174, Manicoré	18/02/2017	05
Manuel Arildo Felix, morador aldeia Kamaiua	Aldeia Kamaiua, Br 174, Manicoré	18/02/2017	05
Carlos Franco da Cruz, morador aldeia Kamaiua	Aldeia Kamaiua, Br 174, Manicoré	18/02/2017	05
Valmir Marques de Meneses, Pastor	Comunidade Terra Preta, Br	18/02/2017	05

evangélico da Comunidade Terra Preta	174, Manicoré		
Rosivaldo Leite de Souza, dirigente da Congregação Cristã, Jatuarana	Comunidade Terra Preta, Br 174, Manicoré	18/02/2017	05
João Batista Tezza Neto	Área do Projeto	16 a 22 de fevereiro de 2017	01
Leonardo Barrinuevo	Área do Projeto	16 a 22 de fevereiro de 2017	01
Valdenor Campos da Costa	Área do Projeto	16 a 22 de fevereiro de 2017	01

2.4 Site Inspections

The table below summarizes the locations visited throughout the validation audit:

Local	**Data**
Manicoré, Comunidade Jatuarana, entrevistas com comunitários.	16/02/2017
Manicoré, Feira Municipal José Rui Vieira, entrevista representante prefeitura.	17/02/2017
Manicoré, COVEMA, entrevista com representantes da COVEMA, IEB e FVA	17/02/2017
Manicoré, Escritório ICMBio, entrevista com representante do ICMBio	17/02/2017
Manicoré, Colocação São Francisco, entrevista com morador	17/02/2017
Manicoré, Comunidade Terra Preta do Rio Manicoré, entrevista com comunitários	17/02/2017
Manicoré, Comunidade Água Azul, entrevista com comunitários	18/02/2017
Manicoré, Comunidade Bom Sucesso, entrevista com comunitários	18/02/2017
Manicoré, Comunidade Pandegal, entrevista com comunitários	18/02/2017
Manicoré, Aldeia Kamaiua, Br 174, entrevistas com indígenas	18/02/2017
Manicoré, Comunidade Terra Preta, Br 174, entrevistas com moradores	18/02/2017
Parcelas do Inventário Florestal (Amostra 50). Fitofisionomia: Floresta Ombrófila Densa de Terras Baixas. Comunidade Jatuarana	16 de fevereiro de 2017
Parcelas do Inventário Florestal (Amostras 17 e 22). Fitofisionomia: Floresta Ombrófila Densa Aluvial e sem Manejo Florestal. Comunidade Terra Preta	17 de fevereiro de 2017
Parcelas do Inventário Florestal (Amostras 111 e 114). Floresta Ombrófila Densa Aluvial em áreas de Manejo Florestal Sustentável	18 de fevereiro de 2017

2.5 Resolution of Findings

This is a final report. No NCRs were raised by the audit team as part of this verification audit. This project verification and its validation were simultaneously performed, so issues that raised NCRs during the validation audit were resolved by the project proponent to conclude the validation.

2.5.1 Forward Action Requests

04 FARs were surveyed by the audit team according to the project validation audit. Such findings should be resolved by the project proponent at the next verification event. The findings regard requirements G5.2 and G5.6, of CCB Standards 3rd ed. (2013) and section 3.2 of methodology VM0011 v1.0, adopted in project description and are related, respectively, to the process of prior informed consent, project compliance with the Brazilian legislation and the estimate of Ggrowth_forgone,t parameter. These FARs are currently open. Their resolution is not a condition for project verification. Validation and verification bodies are encouraged to review the considerations described in the FARs identified in this report during subsequent audit events. For more information, see annex 1.

2.6 Eligibility for Validation Activities

Rainforest Alliance is a validation and verification body, accredited by ANSI under the standard/regulation ISO 14065:2007, for scope 14 – AFOLU. Imaflora is an organization sub-contracted by the Rainforest Alliance and operates within its accreditation in a way to offer carbon validation and verification services in Brazil under the same scope.

3 VALIDATION FINDINGS

In this verification report, the validation of two methodology deviations requested by the project proponent in the submission of the Monitoring Report were considered and approved. In the validation audit process two methodology deviations were considered and approved. These four methodology deviations are summarised below in Section 3.2. In this verification report, no gap validation or project description deviations were performed by the project proponent during the first monitoring period nor reviewed by the audit team for the verification.

3.1 Participation under Other GHG Programs

The project is currently seeking registry on CCBS and VCS platforms and it is not registered nor looking to register on no other GHG program, according to the project documentation (refs. 1, 2, 3) and also according with project staff interviews performed by the audit team during the field-work.

3.2 Methodology Deviations

Two methodology deviations (1 and 2) were validated during the process of the validation audit, approved and reported upon. These were reflected in the final project description. One additional methodology deviations (3) was submitted with the Monitoring Report and were considered, approved and reported upon in the verification audit.

Methodology deviation 1: Using pre-existing inventory data was reported by the proponent as a methodology deviation, for they are dated over 05 years. The proponent has chosen to estimate the forest degradation caused by management activities in the baseline scenario via option “01” of VM0011 V1.0, which relates to the previous existence of inventory data. Project baseline was defined considering the mean wood extraction intensity from 1999 to 2009 (ref. 01, section 5.1.1 and ref. 16). For that, the proponent considers increasing the exploited area and volume, during the mentioned period and reported in six official harvest reports, approved by its respective environmental agency (ref. 20). The audit team considers that the deviation leads to accurate estimations of the net GHG emissions reductions, since they are related to volumes actually exploited by the land owner within the project area, within the mentioned period after approval from the responsible environmental organ (IPAAA) Thus, ex-ante project estimations consider the intensity projection of the harvest actually carried out by the proponent in the area before the project, and not only an harvest planning. In addition, the harvest authorizations take into account inventories of 100% of the trees with DBH above 50cm, which in turn also leads to accurate estimates. Lastly, the audit team understands that the proposed deviation does not affect the ex-ante estimation conservation, since they consider harvest of 06 annual harvest units, over a period of 11

years. The mean annual harvest volume considered in the proponent calculation is equal to the harvest volume allowed by Brazilian current federal legislation[3]. Thus, the audit team understands that the proposed deviation will generate more accurate, conservative emission reduction estimates. Finally, it is concluded in the validation report that the deviation in question can be approved because it relates to a measurement component of the project, which is considered as subject to approval by the VCS rules, specifically the VCS standard v3.7, item 3.5.1.

Methodology deviation 2: The use of specific wood densities for commercial species rather than the default standard adopted by VM0011. Calculation of parameter $C_{merch,t,}$ was assessed by the audit team based on the default values employed by the proponent for carbon in density fraction. Specific densities are employed by the proponent to determine the parameter $C_{merch,t}$, supported by literature data from articles on South American tropical forests, which was pointed as a methodology deviation. The data employed was reviewed by the audit team and it is understood that such methodology deviation can produce more accurate emission reductions, without affecting its conservation, since the mean average for densities obtained was 0.676 d/cm^3.

Methodology deviation 3: The project proponent has used a simple input site-specific allometric equation for the calculation of the $C_{agb,}$ instead of calculating this parameter measuring tree height. The project proponent justified the approach based on the degree of uncertainty that is added to the estimates in occasions were height is used for the biomass calculation in Amazon trees supporting this statement with reliable sources of information (Overman *et al.* 1994; Silva, 2007; Higuchi, 2015). The audit team understands that the combination of tree canopy morphology and forest stand density make it very difficult to distinguish height from all sampled individuals in forest inventories in Amazon forest, Measurement methods with hypsometers require the meter to be positioned at least an equivalent distance to the tree height to have accurate measurements. Thus, height measurements in forest inventories in the Brazilian Amazon result in errors greater than 10% of the biomass estimate, which is justified in the papers referenced by the project proponent. In this sense, the audit team agrees with the methodological deviation, considering that it maintains or improves accuracy of the results.

[3] NORMATIVE INSTRUCTION No. 5, OF DECEMBER 11, 2006 (Ministry of Environment)

3.3 Project Description Deviations

No project description deviations were performed by the project proponent during the first monitoring period.

3.4 Grouped Project

Not applicable. This is not a grouped project.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

Based upon extensive field observations, interviews with project personnel and stakeholders, and document review the there was no material discrepancy between the project description and the project implementation identified by the audit team during the verification process. No material discrepancy between the validated monitoring plan and the executed monitoring plan was identified by the audit team during the verification process. The project has a retroactive start date, the verification and the validation audits were simultaneously performed. The audit team has analysed the monitoring report and attest to its correspondence to the validated project description and the validated project activity.

The monitoring plan was implemented accordingly. All relevant data were obtained, recorded, compiled and analysed by the project proponent and presented to the audit team through the ex-post carbon calculation spreadsheet. The audit team understands that all relevant parameters, which are mostly related to project emissions due to transportation (flight and ground logistics) and also natural disturbances were properly monitored and reported accordingly to the validated project description and also the adopted methodology.

As seen that this IFM project has as its core activity the stopping of the forest management operations as well as the creation of a reserve (as a conservation unit) no emissions due to forest degradation and any other emissions related to the forest management operations had to be monitored. The auditors confirm that there had been no logging operations, at the project area during the first monitoring period by direct observations in the field, taking in account the level of impact in the forests within the sampled sites and also by direct observations at the sawmill, owned by the project proponent in the same municipality, which was closed.

The project proponent has also made a commitment to cease the management operations in other areas of its property, which were defined in the validated project description as leakage areas. The audit team independently monitored the leakage areas defined by the project proponent using remote sensing analysis and open data sources of PRODES. No deforestation or forest degradation were identified, which corroborates the project proponent statement of not be performing forest management operations in other areas of its own property. The project proponent also monitored illegal harvesting activities through interviews with the communities that live around the project area. According to the project proponent, no evidence of unauthorized wood extraction was encountered. The audit team has also interviewed the community representatives during the field incursion and agrees with the project proponent in these regards.

The monitoring report states that the project is not included in an emission trading program or any other mechanism that includes GHG allowance trading. Also, the monitoring report states that the project has not received or sought any other form of environmental credit, nor has it become eligible to do so since the validation event. The project hasn´t been rejected under any other GHG programs.

The audit team understands that the project has been implemented as it was described in the project description and in its completeness. Further discussions on how the monitoring systems were suitably implemented can be found in the table below.

The table below provides the list of monitorable parameters during project period and an assessment of their suitability.

Monitorable parameter	**Assessment**
$DBH_{n,i,s,j,t}$	The proponent provides the set of SOPs related to forest inventory, including the measurement of the parameter at hand in the updated project description and in attached documentation (Refs. 32 e 45). The audit team finds that the standard operating procedures presented follow the good inventory practices, presenting a measurement height of 1.30m, as is practiced in the forestry sector. The audit team has accompanied the project staff in the field, requesting that the inventory processes used to measure the trees

	was applied, in a way to secure that best practices were followed.
$DBH_{tree\_nd,n,i,snd,j,t}$	The project proponent has conservatively choose to use a $f_{natdist}$ of 100%, thus assuming that all the carbon stocks presented in the forest were emitted at once by the time the disturbance has occurred. The audit team considers the approach acceptable because it is conservative. The audit team has also used PRODES data to perform an independent analysis attesting the value of 6,69 ha of natural disturbance monitored by the project proponent.
$Hn_{i,s,j,t}$	Not applicable. The allometric equation used by the project proponent is simple entry and was adjusted to the site, for the biomass estimates made through the pilot inventory. It should be noted that the pilot inventory data did not influence the determination of the ex-ante emission reduction estimates, since the proponent has chosen option "1" which incur the use of pre-existing inventory data. The inventory data was used to calculate the emissions due to natural disturbances during the first monitoring event.
$H_{tree\_nd,n,i,snd,j,t}$	Not applicable. The allometric equation used by the project proponent is simple entry and was adjusted to the site, for the biomass estimates made through the pilot inventory. It should be noted that the pilot inventory data did not influence the determination of the ex-ante emission reduction estimates, since the proponent has chosen option "1" which incur the use of pre-existing inventory data.

$t_{op\ \_\ equip,ee,t}$	Not applicable. The emissions related to electric energy consumption during the administrative stages of project development were directly calculated due annual electricity consumption from offices in Manaus (AM) and Curitiba (PR) and emission factors given by the MCTI (2013)
$KM_{monitoring\ \_\ flight,y,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). The audit team evaluated the description of the parameter in question and considers it to be compatible with VM0011 v1.0 in its section 4.3. The number and the distances of flights performed to monitor the project activity implementation during the course of the first monitoring period were recorded and presented by the project through the carbon calculation spreadsheet. The audit team has analyzed the data used as input and considers them plausible.
$N_{monitoring\ \_\ flight,y,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). The audit team evaluated the description of the parameter in question and considers it to be compatible with VM0011 v1.0 in its section 4.3. The number of passengers in flights performed to monitor the project activity implementation during the course of the first monitoring period were recorded and presented by the project through the carbon calculation spreadsheet. The audit team has analyzed the data used as input and considers

	them plausible.
$KM_{monitoring\_ground,y,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). The audit team evaluated the description of the parameter in question and considers it to be compatible with VM0011 v1.0 in its section 4.3. The number and the distances of ground trips performed to monitor the project activity implementation during the course of the first monitoring period were recorded and presented by the project through the carbon calculation spreadsheet. The audit team has analyzed the data used as input and considers them plausible.
$A_{nd,j,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). 6.69 ha of natural disturbance were monitored during the course of the first monitoring period, using data from PRODES (INPE). The institute provides data related to hot spots and deforestation, appropriate to the monitoring of the apprentice in question. The audit team evaluated the description of the parameter in question and considers it to be in conformance with VM0011 v1.0 in section 4.4
$f_{natdisturb,j,t}$	The project proponent has conservatively assumed this parameter as 100% what leads to maximum emissions. Areas of natural disturbance were monitored using geo-processing techniques and open databases available at INPE. The institute provides data related to hot spots and

	deforestation, appropriate to the monitoring of the apprentice in question. The audit team evaluated the description of the parameter in question and considers it to be in conformance with VM0011 v1.0 in section 4.4
$V_{illegal\ \_\ harvest,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). For monitoring regarding the parameter at hand, the proponent will count with field surveys (DRPs) and geo-processing techniques applied to satellite images. The audit team evaluated the description of the parameter as appropriate as it combines geospatial information with information collected in interactions with the communities that are in the reserve environment. The audit team evaluated the description of the parameter in question and understands that it is consistent with VM0011 v1.0 in section 4.5. During the course of the first monitoring period, no illegal activity were encountered or detected by the project proponent. The audit team has independently interviewed the communities in this regards and agrees with the project proponent perception on this matter.
$A_{illegal\ \_\ harvest,\ j,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). For monitoring regarding the parameter at hand, the proponent will count with field surveys (DRPs) and geo-processing techniques applied to satellite images. The audit team evaluated the description of the parameter as appropriate as it combines

	geospatial information with information collected in interactions with the communities that are in the reserve environment. The audit team evaluated the description of the parameter in question and finds that it is consistent with VM0011 v1.0 in section 4.5. During the course of the first monitoring period, no illegal activity was encountered or detected by the project proponent. The audit team has independently interviewed the communities in this regards and agrees with the project proponent perception on this matter.
$V_{actual\ \_\ harvest,l,t}$	The proponent provides the parameter description at hand, as well as the frequency and measurement methods applicable in section 8.3 of the revised project description (Ref. 32). The proponent has committed not to carry out forest management activities in other areas of his property by delimiting them as leakage areas, for purposes of demonstrating compliance with the applicable requirements of this methodology. The audit team has independently monitored the leakage areas defined by the project proponent using remote sensing analysis and open data sources of PRODES. No deforestation was identified, which corroborates the project proponent statement of not be performing forest management operations in other areas of its own property. The audit team evaluated the description of the parameter as appropriate as it combines geospatial information with information collected in interactions with the communities that are in the reserve environment. The audit team evaluated the description of the parameter in question and finds that it is consistent with VM0011 v1.0 in section 4.5

The methodology deviations validated in the project description were discussed in the section 3.2 of this report and are not listed again here.

4.2 Accuracy of GHG Emission Reduction and Removal Calculations

This section of the report describes the steps used to assess the data and parameters used to calculate the GHG emissions and removals in addition to those already discussed in Section 4.1.

The baseline was set and validated during the validation auditing process and within the approved final project description. In this sense, $C_{baseline,t}$ was considered to be fixed in the first monitoring period.

Carbon stock above ground ($C_{AGB\_gstock,j,t=0}$) was determined by the proponent based on the result of pilot inventories carried out in the project area and presented to the audit team. This parameter was not employed as the basis for $G_{\_growth\_foregone}$ due to the fact that this parameter relies on two-time measurements performed in permanent plots. In this sense, $C_{AGB\ gstock,j,t}$ was only used to estimate emissions due to natural disturbances. The project proponent has also used data from PRODES, which shows deforestation, as a proxy for natural disturbances. 6.69 ha of natural disturbances were reported by the project proponent during the monitoring period. The audit team considers this approach as acceptable because it leads to maximum project emissions ($f_{natdisturb}$ = 100%), being for that conservative. The methodology actually determines that the emissions from natural disturbances shall be weighted by an emission factor, taking in perspective the total amount of carbon that remains in the site after the disturbance event. In its approach, the proponent has considered that 100% of the carbon dioxide within the impacted sites was emitted. The audit team has also performed an independent analysis using PRODES data to check the total amount of natural disturbed areas that happened in the project area during the first monitoring period, attesting to the accuracy of the project proponent's classification.

Project emissions were correctly calculated based on equation 4-1, 4-2, 4-3 and 4-4 and estimated according to information collected from 2013 to 2017. The parameter $E_{projplan,t}$ was calculated according to equation 4-2 and from emissions regarding administrative planning to implement the project, according to the methodology. Parameters $E_{admin,t}$ was calculated based according to equation 4-4, the mean energy consumed by EBFC office in Manaus (AM) and Curitiba (PR) and the conversion factor for electric energy consumption from MCTI (2013). The Parameter E_{plan_travel} was considered as zero. All the emission related to flights were considered in the paramenter $E_{monitoring\ flight\ ,t}$, which was considered as an acceptable approach by the audit team. Q_{admin} was calculated according to equation 4-3.

The audit team reviewed the ex-post carbon calculation spreadsheet, checking all the inputs, equations,

conversions and aggregations and finding no material errors, omissions, or misrepresentations, agrees with the emissions as reported during the first monitoring period.

Emissions from logistics related to the project monitoring activity were considered in the monitoring period in function of the parameter $E_{monitoring}$ (equations 4-12, 4-13 and 4-14). Distances traveled to the project area during the monitoring period, number of trips, number of passengers and emission factors regarding flights according to Ross (2009). In the same sense, emissions due to land transportation were fully reported during the course of the first monitoring period. The audit team reviewed the ex-post carbon calculation spreadsheet, checking all the inputs, equations, conversions and aggregations and finding no errors, omissions, or misrepresentations, agrees with the emissions as reported during the first monitoring period.

The proponent considered as zero leakage emissions due to the displacement of the baseline activities to the other areas owned by the project proponent. The project proponent presented a written statement in which he compromises not to move the forest management operations to other areas from its own property. The project proponent has also provided to the audit team GIS files showing the boundaries of the leakage areas. The audit team has also performed an independent analysis using PRODES data looking for evidences of planned degradation in the defined leakage areas. No evidence of this was found. The audit team agrees with the project proponent that no leakage emissions had occurred during the first monitoring period. Market leakage was also considered as zero during the monitoring period as it was in the validated project description.

A summary of all ex-post GHG emission reductions and removals (due to trees regrowth) are presented in Section 4.4 of the monitoring report. In the verification audit, no inconsistencies were found. The audit team reviewed the ex-post carbon calculation spreadsheet, checking all the inputs, equations, conversions and aggregations and finding no errors, omissions, or misrepresentations, agrees with the emissions as reported during the first monitoring period.

At last, parameter $VCU_t$is calculated based on equation 1-2, 1-3 and VT0001 tool, reporting the total volume of credits generated throughout the project first monitoring period. The audit team found that the monitoring reports present the formulas and parameters used to carry out the GHG reduction estimates, while the calculation worksheet evidences the realization of the same. It is therefore an appropriate characterization of the information flow to make ex-post estimates, from data collection, through registration, transformations and aggregations, to finally an assertion about ex-post estimates. No errors, omissions, or misrepresentations were found.

4.3 Quality of Evidence to Determine GHG Emission Reductions and Removals

The project proponent used data from the Deforestation Monitoring System in the Amazon - PRODES, prepared by the National Institute for Space Research (INPE), to monitor natural disturbances during the monitoring period. The audit team considers INPE as a reputable source and PRODES as a reliable source of information. PRODES is the official source of information for Brazilian federal government deforestation monitoring and it is used for researchers all over the world. Beyond that, the project proponent has used electricity bills of EBCF's offices in Manaus and Curitiba and EBCF's own registers to report emissions related to administration and logistics.

As previously stated, the carbon stocks change in the baseline scenario was considered to be fixed during this monitoring period. The quality of the evidence used to determine Cbaseline,t was discussed in the validation report.

The audit team observes that the project description presents the formulas and parameters used to carry out the GHG reduction estimates, while the calculation worksheet evidences the realization of the same. It is therefore an appropriate characterization of the information flow to make ex-post estimates, from data collection, through registration, transformations and aggregations, to finally assertion about ex-post estimates.

The audit team found that the project proponent has provided sufficient evidence in qualitative and quantitative ways for the audit team to assess the ex-post estimates and determine its assertion over the GHG emission reductions.

4.4 Non-Permanence Risk Analysis

After documentary analysis (Ref. 19), direct observations and interviews with the teams involved in the project, the audit team corroborates the risk analysis results of the carbon stocks non-permanence carried out by the proponent.

Risk Factor	Score related to the proponent self-evaluation	Evidences	NCR/OBS
Internal risks			

Project management	-4	The project does not include the introduction of exotic species, presents relatively isolated areas and counts with the participation of local communities for the project monitoring. The project has been signed by different specialists with recognized competence and approvable performance in Brazil. After the audit, the proponent hired new consultants and reviewed the project documentation in order to describe his staff qualification. The proponent maintains physical presence in Manicoré where the project area is located. The proponent proposes to establish an adaptive management plan, in line with the RPDS management plan. The audit team understands that the reserve governance structure can serve this purpose and its existence is sufficient to assign the negative score regarding this particular mitigation measure, for purposes of project validation. The audit team understands the risk score indicated for this specific parameter as appropriate.	--
Financial feasibility	6	The proponent conservatively adopts the major risk factors considered in the tool at hand. The presented financial flow contains earnings from carbon credits and also Environmental Reserve Shares, and a sensitivity analysis was performed for those items. The sensitivity analysis allows one to identify how robust the model is against variations in gross income. Annexes 17 and 18 present IRR and NPV calculations, but not the "Breakeven" and "Payback", required by VCS analysis. The proponent conservatively adopts the major risk factor associated with the non-permanence tool. The audit team understands the parameterization as according to the VCS tool, however, as an opportunity for improving the project and recommends, respectively: 1) performing sensibility analysis for other income sources (carbon and management of non-wood products). 2) that the breakeven point and payback are calculated in the spreadsheet so that the results can be observed for those indicators even in	OBS#01/17

		sensitivity analysis.	
Opportunity costs	0	The proponent assumes that the NPV of the most profitable alternative land-use activity is at least 100% greater than the one associated with the project activity The project is not managed by a non-profit organization and had its area converted into a conservation unit. The proponent assumes as a mitigation measure the area protection by creating conservation units, which was considered appropriate by the audit team. The audit team understands the risk score indicated for this specific parameter as appropriate.	--
Project Longevity	0	The project is based on sustainable development reserve creation homologated by the competent governmental agency (Ref. 28). Therefore, such activity confers a permanent conservation status to the project area. The audit team understands the risk score indicated for this specific parameter as appropriate.	--
Total internal risk	2	Having that in perspective, the audit team considers the internal risk assessment as complying with the applicable tool.	--
External Risks			
Rights on land and natural resources	1	The proponent presented documents proving the project area legitimacy and its reserve approved status as an absence proof of conflicts by territory in the project area. In addition, he presented a letter addressed to FUNAI as evidence of questioning about the recognition of possible overlaps between the project area and indigenous areas. The audit team performed an independent checking with the agency, having no assertive response on this issue. Due to the above, the risk associated with the category "Land Ownership and Resources Access" is considered as compliant. The proponent considers the associated risk with the overlapping of collection areas between indigenous and riparian communities in the project area and also, the mitigation measures related to the existence of the	--

		reserve and to its conflict resolution protocols applied. The audit team understands the risk score indicated for this specific parameter as appropriate.	
Community engagement	-5	Through direct observation and interviews during the field work, the audit team confirmed the existence of riparian communities living within the project area, precisely in the "Amazon River IV" area. However, the audit team understands the risk score associated with this component, specifically in items a) and b), can be marked as zero, depending on the extensive consultation process carried out. The negative score refers to the mitigation measure associated with the validation in CCB standard. The audit team understands the risk score indicated for this specific parameter as appropriate.	--
Political risk	0	The proponent correctly presents the political risk using a tool from global bank for risk calculation associated with Brazil for the last 05 years, as well as the associated mitigation measures. Brazil receives international funding for structuring REDD + policies and programs in several areas; the state of Amazonas participates in the GCF; the country has an established FSC national initiative, among others. The audit team understands the risk score indicated for this specific parameter as appropriate.	--
Total external risk	0	Having that in perspective, the audit team considers the internal risk assessment as complying with the applicable tool.	
Natural risks			
Natural risks	3.5	The proponent correctly pointed out the risks associated with natural causes providing data from reliable sources and plausible line of argument. The risk associated with the occurrence of fire was considered according to INPE's analysis of heat sources and to the existence of specific mitigation measures, such as training of fire brigades and clearing management. The risks associated with extreme weather were considered in relation to possible droughts in the region and to the rise of fire incidence risk. The proponent also considered as null	--

		further risk components, as those associated with plagues, illness and also geological disasters. The score for those risks was considered acceptable by the audit team, due the project location and biome-inherent biodiversity. The audit team understands the risk score indicated for this specific parameter as appropriate.	
General risk score: 10			
The audit team considers the proponent evaluation as compliant and the associated risk as relevant.			

5 SAFEGUARDS

5.1 No Net Harm

The project is validated against the CCB standards and has observed relevant safeguards in regards to the community living in the boundaries of the reserves. More than that, the project was actually designed to promote net social benefits to the communities as is stated in the validated project description and the validation report.

5.2 Local Stakeholder Consultation

The project is validated against the VCS standards and has observed relevant safeguards in regards to the community engagement. More than that, the project activity actually is focused in promoting participation and in the empowerment of marginalized groups, as is stated in the validated project description and the validation report.

6 VERIFICATION CONCLUSION

Following the review of the monitoring report and supporting documents, the audit team has concluded with a reasonable level of assurance that the project is in full conformance with the VCS standard requirements, validated project design document, and approved VCS methodology. Below is a description of the verified emission reductions as reported by the project proponent and reviewed by the audit team.

Verification period: From 05 June 2013 to 04 June 2017.

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

Year	Baseline emissions (tCO_2e)	Project emissions (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions (tCO_2e)	Buffer pool allocation	VCUs eligible for issuance
05 June 2013 to 04 June 2014	51.522	59	-	51.463	5.110	46.353
05 June 2014 to 04 June 2015	51.522	3.196	-	48.326	5.110	43.216
05 June 2015 to 04 June 2016	51.522	11	-	51.511	5.110	46.401
05 June 2016 to 04 June 2017	51.522	35	-	51.487	5.110	46.377
Total	206.088	3.301	-	202.787	20.440	182.347

The project proponent has calculated the number of buffer credits to be deposited in the AFOLU pooled buffer account, based in the overall risk rating of 10%, as 20,440 tCO2e.

APPENDIX 1: OBSERVATIONS AND FORWARD ACTION REQUESTS

1.1. Observations

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed. Unlike NCRs, observations are not formally closed. Findings from the field audit related to observations are discussed below.

OBS#:	01/17	Reference Standard & Requirement:	VCS AFOLU Non-Permanence Risk Tool v3.2
Description of findings leading to observation:	The presented financial flow contains earnings from carbon credits and also Environmental Reserve Shares, and a sensitivity analysis was performed for those items. The sensitivity analysis allows one to identify how robust the model is against variations in gross income. Annexes 17 and 18 present IRR and NPV calculations, but not the "Breakeven" and "Payback", required by VCS analysis. The proponent conservatively adopts the major risk factor associated with the non-permanence tool.		
Observation:	The audit team considers the following an opportunity for improving the project: 1) performing sensibility analysis for other income sources (carbon and management of non timber forest products) and 2) that the breakeven point and payback are calculated in the spreadsheet so that the results can be observed for those indicators even in the sensitivity analysis.		

1.2. Forward Action Requests

Note: FARs (Forward Action Request) indicate critical points in the project that must be observed and resolved by the proposer until the next verification event. Failure to resolve these items, which result in material discrepancy in the design and implementation of the project in relation to such standards and methodologies, until the next verification event will represent the issuance of an NCR on the same point, at the next verification event.

FAR#:	01/17
Standard & Requirement:	CCBS 3ª ed. (2013), G5.2
Report Section:	5.7
Description of Non-conformance and Related Evidence:	

The first workshop, associated by the proponent to obtain the informed consent from the communities, was held one year after the project start date. Considering that the communities involved in the context shall have their property rights [4] affected by the project, it has been checked the need to obtain the consent prior to starting the activities and, thus, the non-compliance with the requirement G.5.2 from the CCB standard. The audit team understands, however, that the informed consent must be conducted as a continuous process, which must allow enough time for the project content to be well understood and also to the decision-making process from those whose consent is expected. Therefore, considering the continuous nature of the activity and also that the communities seem mostly unaware of the project (see NCR#16/17), it is important to emphasize the need of reassuring the informed consent, in order to ensure the compliance with the project to the CCB standard, for previous steps, until the next inspection. Furthermore, concerning the consent process, the review of workshop minutes (ref. 29), conclude the project was only partially presented. The CLPI report (ref. 30) lists the topics discussed in the workshops with the communities, however, some activities planned for the project, such as the "fishing regulation" (page. 37); the "improvement in traditional production systems and agroextractivism management" (page 43); the "volunteer environmental agent program" (page 36); the "ecological and scientific tourism" (page 147); the "vigilance task forces" (page 37) were not included as content from the referred minutes, and were not discussed in details. The activities proposed in the workshop minutes are not detailed, in order to prove that the consent process was executed in accordance with the specific requirement from the CCB standard[5]. In interviews during the field work, the project team emphasized that the project was not detailed any further at the workshops so that no expectations would compromise the project implementation in subsequent stages. This is understood as a plausible argument, however, it is important to emphasize that the activities proposed have impact on the communities, therefore, they are subject to be included in a consultation process, focusing on obtaining properly informed consent.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

[4] 'Direitos de Propriedade' são definidos como direitos legais e habituais de posse/uso/acesso/gestão a terras, territórios e recursos

[5] **'Informado'** significa que são fornecidas informações que abrangem (pelo menos) os seguintes aspectos: a. a natureza, o tamanho, o ritmo, a reversibilidade e o escopo de qualquer projeto ou atividade proposta; b. o(s) motivo(s) ou a finalidade do projeto e/ou atividade; c. a duração dos itens acima; d. a localização de áreas que serão afetadas; e. uma avaliação preliminar do provável impacto econômico, social, cultural e ambiental, incluindo riscos potenciais e o compartilhamento justo e equitativo de benefícios em um contexto que respeite o princípio da precaução; f. as pessoas com probabilidade de se envolver na execução do projeto proposto (incluindo Povos Indígenas, equipe do setor privado, instituições de pesquisa, funcionários do governo e outros); e g. procedimentos que podem estar implicados no projeto;

	Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to the next verification
Evidence Provided by Organization:	--
Findings for Evaluation of Evidence:	--
FAR Status:	OPEN
Comments (optional):	None

FAR#:	02/17
Standard & Requirement:	VM0011 v1.0, Seção 3.2
Report Section:	5.1
Description of Non-conformance and Related Evidence:	
Interviews with the project staff evidenced that the properties have not yet been registered by the proponents in the CAR official base according to the applicable legislation, namely: 1) Federal Decree No. 7.830/2012: Provides on the Environmental Rural Registry (CAR), establishing general standards to the Environmental Regularization Programs addressed by Federal Law No. 12.651/2012; and 2) Provisional Presidential Decree No. 724/2016. The term limit for registration in the Rural Environmental Registry (CAR) and adhesion to the Environmental Regularization Program (PRA) is extended to May 05. Recognizing the extension by the provisional decree, the audit team made this annotation in order to indicate the need for attention to this particular issue for the next verification event.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to the next verification
Evidence Provided by Organization:	--
Findings for Evaluation of	--

Evidence:	
FAR Status:	OPEN
Comments (optional):	None

FAR#:	03/17
Standard & Requirement:	CCBS 3ª ed. (2013), G5.6
Report Section:	--
Description of Non-conformance and Related Evidence:	
According to Section 5.3.2 from the PD (Page 109), the parameter CAGB_gstock,j,t was estimated in an ex ante manner, based on the carbon density map prepared by Baccini et al. (2012). However, VM0011 (Section 3.2) specifies that this parameter must be obtained directly from valid forest inventories for the project area. Furthermore, the same parameter is used in another part of VM0011 (Section 3.3.4) for estimating the parameter Ggrowth_forgone,t related to growing of the trees that would be exploited in the baseline scenario of the project. However, it is important to highlight that according to the Equations 3-36a and 3-36b from VM0011, the parameter Ggrowth_forgone,t must be estimated based on the difference between biomass stocks above ground measured in two different points in time and not how it was presented in tab "G_growth_foregone" from the calculation spreadsheet provided to the auditors (Annex 18). Although the approaches taken above do not necessarily represent a non-compliance for the project validation, the estimation of the parameters being discussed must be remade for the ex post calculation of the VCUs generated by the project in the inspections.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to the next verification
Evidence Provided by Organization:	--
Findings for Evaluation of Evidence:	--
FAR Status:	OPEN
Comments (optional):	None

FAR#:	04/17
Standard & Requirement:	CCBS 3ª ed. (2013), G3.12
Report Section:	--
Description of Non-conformance and Related Evidence:	
The project documentation (ref. 01, item 2.6 page 59) broadly mentions trainings, operating procedures and the use of PPE. It is limited to indicate the importance of such aspects in the project, however, it does not specify the measures or occupational risk analysis provided by CCB standard. Such omission was considered relevant by audit team, since the project involves developing and structuring non-wood forest products supply chain, such as the nut, and those activities present occupational risks. However, it is understood that such actions are not yet being implemented. Therefore, it is important to widely assess situations and occupations which may arise from implementing the project and represent a substantial risk to workers' safety, as well as implement measures to instruct workers, in such a way as to minimize occupation risks, until the next verification.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to the next verification
Evidence Provided by Organization:	--
Findings for Evaluation of Evidence:	--
FAR Status:	OPEN
Comments (optional):	None