

PROJECT REVIEW REPORT

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

Project ID	5431
Project Name	Baoshan East Hope Swine Farm AWMS GHG Mitigation Project
Review Type	Registration
Program(s)	Verified Carbon Standard
Verification Period	-
Project Proponent	Baoshan East Hope Animal Husbandry Co., Ltd.
Methodology	
VVB	CTI Certification Co., Ltd.
Assessment Criteria	VCS standard v4.7
Date of First Issue	23-12-2025
Review Conclusion	Approved
Date of Final Issue	11-02-2026

FINDINGS

#	Finding Description	VVB Response	Status
1	Verification of authenticity of government approvals		
	<u>Issue</u> Verra is seeking evidence of the credibility of the relevant government approvals submitted for the project activity. <u>Action Required</u> The VVB must independently assess objective evidence that confirms the carbon project is authorized by the relevant government authorities¹. This verification should cover the following approvals, as applicable: - Environmental Impact Assessment (EIA) - Power purchase agreement - Land lease agreement - Commissioning certificate/approval for operation - Latest pollution clearances The VVB must demonstrate compliance by taking one of the following approaches: - Direct confirmation from authorities- The VVB must - Contact the relevant government authorities² responsible for any two of the approvals listed above. - Submit evidence of confirmation from the relevant authorities to Verra for review. A notarized English translation of the confirmation by a certified translator must be provided. - Public record- The VVB must - Provide publicly available government records related to any two of the approvals listed above.	<u>Round 1</u> <u>VVB Response</u> To verify that the proposed project has been authorized by the relevant government authorities, CTI independently assess objectively obtained evidence of Land lease agreement and Environmental Impact Assessment (EIA): 1.Land lease agreement has a direct confirmation from Baoshan City Longyang District Xiyi Township People's Government. CTI contacts the relevant government authority and receives a reply: The government department has confirmed that the ownership of the land use rights for the project site located in Wangzhai Village, Xiyi Township, Longyang District, Baoshan City, Yunnan Province, P.R. China, is held by PP (Baoshan East Hope Animal Husbandry Co., Ltd.). The reply is not in English, so an English translation by a certified, independent translator are provided as separate attachments. 2.Environmental Impact Assessment (EIA) as the public record can be acquired on the official website of Baoshan Municipal Ecology and Environment Bureau: https://www.baoshan.gov.cn/info/7430/3498384.htm The independent review conducted by CTI concluded that the assessment and	Closed

	· Ensure that the records must clearly demonstrate that the carbon project has received government authorization. · If the records are not in English, a notarized English translation by a certified translator must be provided. [1] Projects which can demonstrated authorization from Designated National Authority (DNA) of China, are exempted from the below requirements. [2] The VVB should use the relevant government websites to confirm authorization for the projects. For example, if the project was in Weihai City and required approval from the local authorities, questions should be submitted via https://www.weihai.gov.cn/. <u>Program Rule(s)</u> VCS Standard, v4.7, Section 1.2.1, 3.7.1 <u>Evidence Observed</u> N/A <u>Background</u> N/A	prediction of its environmental impacts of the proposed project involved a total 1 set of new animal waste management system (AWMS) to treat the manure from a new-built swine farm have been approved by Baoshan Municipal Ecology and Environment Bureau. The record is not in English, so an English translation by a certified, independent translator are provided as separate attachments. The details have been added in the revised VR (Version 4.0, dated 18/01/2026). <u>Uploaded Files:</u> Verification of authenticity of government approvals, VCS ValR 5431 18012026_track, VCS ValR 5431 18012026_clean <u>Verra Response</u> The VVB has independently verified government authorization for the project through direct confirmation of the land lease agreement from the relevant local authority and publicly available records of the Environmental Impact Assessment approval issued by the competent government bureau. Certified English translations have been provided. No further action is required.	
2	Baseline Scenario		
	<u>Issue</u> In Section 3.4 of the VCS PD, the Scenarios 11 (Composting – In-vessel), 12 (Composting – Static pile), and 13 (Composting – Intensive windrow) have been excluded on the basis that	<u>Round 1</u> <u>VVB Response</u> By checking publicly available information, CTI can confirm that Scenario 14 is considered feasible and other	Closed

the manure generated from the project is liquid with a large volume of water due to the scraping and flushing collection system, and therefore is not suitable for composting-based treatment technologies intended for solid manure.

However, Scenario 14 (Passive Windrow Composting) is considered applicable, despite similar manure consistency requirements. This creates an inconsistency in the alternative screening.

Action Required

The VVB must clarify how Scenario 14 is considered feasible, given the manure characteristics described, and how the combined anaerobic digestion and passive windrow composting system overcomes the technical limitations used to exclude the other composting scenarios.

Program Rule(s)

VCS Standard, v4.7, Section 2.2.1 (Transparency)

Evidence Observed

N/A

Background

N/A

composting options are excluded due to its **low cost**. The comparative details are as follows:

l Scenarios 11 (Composting – In-vessel) VS Scenario 14 (Passive Windrow Composting) :

Scenarios 11 (Composting – In-vessel) requires high-cost reactors, aeration systems, and control systems, along with a continuous power supply to maintain aeration and environmental conditions. Passive windrow composting requires minimal equipment, only a simple site.

Therefore, Scenarios 11 (Composting – In-vessel) is not a feasible baseline scenario relative to Scenario 14 (passive windrow composting) due to the complexity of in-vessel container equipment and high maintenance costs.

l Scenario 12 (Composting – Static pile) VS Scenario 14 (Passive Windrow Composting) :

Scenario 12 (Composting – Static pile) requires forced aeration, meaning equipment such as fans, aeration pipes and control systems must be installed, resulting in higher investment costs. Furthermore, fan operation can increase electricity costs and O&M cost.

Therefore, compared to Scenario 14 (Passive Ventilation Composting), Scenario 12 (Composting – Static Pile) is not a feasible baseline scenario due to its higher construction and operational costs.

l Scenario 13 (Composting – Intensive windrow) VS Scenario 14 (Passive Windrow Composting) :

Scenario 13 (Composting – Intensive Windrow) requires regular (at least daily) manual or mechanical turning to introduce oxygen for aerobic composting. In contrast, Scenario 14 (Passive Windrow Composting) involves minimal or no turning, relying on natural decomposition, making its the most feasible baseline alternative.

Scenario 14 serves as a low-cost composting solution for digest solids that is integrated into the combined treatment process. Thus, it is selected as the composting component within this combined system of project activity due to its significant cost advantages when processing the digestate that has already been converted into a solid state.

The details have been added in the revised PD (Version 4.0, dated 15/01/2026), which has been verified in the revised VR (Version 4.0, dated 18/01/2026).

To avoid repeated uploads, the revised VR can be obtained in issue 1.

Uploaded Files:

VCS PD 5431 15012026_clean,
VCS PD 5431 15012026_track

Verra Response

The VVB has clarified the feasibility of Scenario 14 by explaining that passive windrow composting is applied only to digest solids generated after anaerobic digestion, which overcomes the manure consistency limitations used to exclude other composting

		scenarios. The exclusion of Scenarios 11, 12, and 13 is further justified based on higher technical complexity and costs compared to Scenario 14. The explanation has been incorporated into the revised PD and verified in the revised VR. No further action is required.	
3	Leakage emissions from anaerobic digestors		
	<u>Issue</u> As per the methodological tool 'Project and leakage emissions from anaerobic digesters', which is referenced by the applied methodology ACM0010, leakage emissions associated with composting are zero if the compost and digestate are treated aerobically. However, section 4.3 of PD does not explain how the same will be established during each monitoring period specifically in absence of any monitoring of storage/disposal and/or sale/distribution of compost and filtrate. <u>Action Required</u> 1. The VVB must ensure that the project proponent clarifies how it will establish that the compost and digestate are not stored under anaerobic conditions nor disposed in SWDS during each monitoring period. 2. The VVB must further validate the information and update the VR as needed. <u>Program Rule(s)</u> Methodological Tool 14 'Project and leakage emissions from anaerobic digesters, 2, Section 6.2 VCS Standard, v4.7, Section 2.2.1 (Transparency)	Round 1 <u>VVB Response</u> By checking the EIA report and its approval /6/, Operation logs/112/, Technical flow charts provided by PP/13/ and via on-site visit, it can be confirmed that swine manure passes through the anaerobic digesters and produces liquid digestate and solid digestate. CTI checked the Technical flow charts in the project site/13/, Monitoring Manual established by PP /120/, Operation logs/112/ and on-site inspection, it is verified that the liquid digestate is conveyed directly to surrounding farmland via an aerated aerobic tank with continuous aeration, ensuring it remains in an aerobic environment throughout. And Via checking Operation logs/112/, the sales records for organic fertilizer/59/, Organic Fertiliser Sales Agreement/59/ and on-site interview, CTI confirmed that during the sale and transport of fertilisers, PP can ensure that solid digestate (organic fertiliser) remains in an aerobic condition throughout storage/disposal and/or sale/distribution, via the following measures:	Closed

Evidence Observed

N/A

Background

N/A

-PP turns over unsold organic fertiliser at the project site each month to expose it to air and maintain aerobic conditions.

-Users are situated near the project site, PP employs truck transport without sealed packaging, leaving it exposed to the air and thus unable to create an anaerobic environment.

-Via checking the public information, it is verified that under users' natural storage conditions (piled on the ground), organic fertilisers typically require over a month to form anaerobic conditions. PP advises users in the purchase contract to apply the fertiliser within 30 days and recommends periodically turning it over to ensure the organic fertiliser remains in an aerobic environment during usage.

PP has set the following monitoring parameters in the page 168-169 of PD in order to calculate leakage emissions associated with the anaerobic digeste (



) during each monitoring period:

1."The status of digestate":

-PP monitors **oxygen concentrations** within the aerated aeration tank to ensure liquid digestate remains under aerobic conditions. It is verified by checking Operation logs/112/.

-1.PP monitors the turning date of unsold organic fertiliser to ensure that PP turns unsold organic fertiliser at least once per month, maintaining it in an aerobic environment. It is verified by checking Operation logs/112/.

2.PP monitors the transportation methods for organic fertilisers to ensure short transport distances and that the fertilisers are exposed to air during transportation. It is verified by checking the sales records for organic fertilizer/59/.

3.PP monitors users' application periods and storage methods through follow-up visits within 30 days of organic fertiliser sales to ensure compliance with the usage timelines and storage conditions (turning fertilizer at varying intervals)) specified in the purchase contract. It is verified by checking the sales records for organic fertilizer/59/ and Organic Fertiliser Sales Agreement/59/..Once there is digestate being stored anaerobically during the monitoring period, calculate $LE_{\text{storage},y}$ based on TOOL14.

2. “ W_{jx} ” is used to monitor whether the compost is stored under anaerobic conditions. Via checking Operation logs/112/, Technical flow charts provided by PP/13/, the sales records for organic fertilizer/59/, Organic Fertiliser Sales Agreement/59/ and on-site interview, CTI confirmed that PP monitors the storage/disposal and/or sale/distribution of compost through monitoring the parameter ‘*The status of digestate*’. Once the compost has been stored anaerobically or treated in SWDS, this portion of compost is weighed and LE_{comp} is calculated based on TOOL13.

The above has been confirmed in the page 121 of the validation report.

The details have been added in the revised PD (Version 4.0, dated 15/01/2026), which

		has been verified in the revised VR (Version 4.0, dated 18/01/2026). To avoid repeated uploads, the revised VR can be obtained in issue1 and the revised PD can be found in issue2.	
		<u>Verra Response</u> The VVB has verified that the project proponent has established and implemented procedures to ensure that compost and digestate are maintained under aerobic conditions during storage, transport, and application throughout each monitoring period. This is demonstrated through documented operational practices, monitoring parameters, sales agreements, and on-site verification, with provisions to quantify leakage emissions should anaerobic conditions occur. No further action is required.	
4	Information on option selected for NEXLT		
	<u>Issue</u> ACM0010, v.08.0, Appendix 2 Procedure for estimating NEXLT,y requires that for the selection of Option 2, the absence of availability of project-specific information on protein intake should be justified in the PD. However, no clarification in this regard has been presented in the PD. <u>Action Required</u> 1. The VVB must ensure that the project proponent clearly justifies the absence of availability of project-specific information	Round 1 <u>VVB Response</u> According to the page 44 of ACM0010 Methodology: GHG emission reductions from manure management systems Version 08.0: <i>“In the absence of availability of project specific information on protein intake, which should be justified in the CDM-PDD, national or regional data should be used for the nitrogen excretion NEXLT,y, if available. In the absence of such data, default values from table 10.19 of the IPCC 2006, volume 4, chapter 10)</i>	Closed

	on protein intake in the project description document. 2. The VVB must further verify this information, and the Validation report must be updated to include an assessment of the same. <u>Program Rule(s)</u> ACM0010 :GHG emission reductions from manure management systems, 8, Section Appendix 2 <u>Evidence Observed</u> N/A <u>Background</u> N/A	may be used and should be corrected for the animal weight at the project site”, CTI checked the livestock production guidelines issued by PP/143/, the data from Yunnan Provincial Statistics Bureau/152/, the data from China National Statistics Bureau/153/ and on-site interviews and confirmed that PP added the details and clearly stated in the the revised PD (Version 4.0, dated 15/01/2026) that protein intake data could not be obtained and that there was a lack of both national and project-site-specific nitrogen excretion (NEX) data. Thus, PP adopted Option 2 to calculate $NEX_{LT,y}$. It has been verified in the revised VR (Version 4.0, dated 18/01/2026). To avoid repeated uploads, the revised VR can be obtained in issue1 and the revised PD can be found in issue2.	
		<u>Verra Response</u> The VVB has verified that the project proponent has justified the absence of project-specific protein intake data in accordance with ACM0010 (v08.0), Appendix 2. The revised PD clearly explains the unavailability of both project-specific and national nitrogen excretion data and confirms the application of Option 2 for the estimation of $NEX_{LT,y}$. This justification has been assessed and validated by the VVB. No further action is required.	
5	Data And Parameters Monitored		
	<u>Issue</u>	Round 1	Closed

1. Parameter: $N_{pL,T}$, nd_y & W_{site} – PD states that the personnel appointed by the PP will record the data. However, it is unclear what procedure the PP adopted to record the same.
2. nd_y (no of days treatment plant was operational) —The project consists of two AWMS components, an anaerobic digester and an aerobic compost (as per page no 152 of PD). Given this, PP has not clarified how the number of days when the treatment plant is operational will be determined?

Action Required

1. The VVB must ensure that the project proponent addresses points 1-2 mentioned above.
2. The VVB must verify this information and update the VR as needed.

Program Rule(s)

VCS Standard, v4.7, Section 2.2.1
(Transparency)

Evidence Observed

N/A

Background

N/A

VVB Response

1. PP has added the details of monitoring nd_y , $N_{pL,T}$ and W_{site} in the the revised PD (Version 4.0, dated 15/01/2026), which has been verified by CTI:

1 nd_y :

CTI checked Operation Log of Baoshan East Hope Swine Farm/112/ and on-site interviews with staff at the swine farm, it can be verified that PP considers both the aerobic composting system and the anaerobic digestion system to be operational when functioning normally, counting these days as the treatment plant's operational days and recording them in the operational log. The data is cross-checked with the breeding record, manure collection record and solid-liquid separation record.

1 $N_{p,LT}$:

CTI checked the livestock production guidelines issued by PP, invoice for the sale of swine/26/, Operation Log of Baoshan East Hope Swine Farm/112/ and on-site interviews with staff at the swine farm, it can be verified that PP records the daily market swine stock, while deducting the number of diseased and deceased swine to determine the actual daily stock. The data is recorded in the operation log, with monthly summaries cross-checked with swine sales invoices.

1 W_{site}

CTI checked the Operation Log of Baoshan East Hope Swine Farm/112/ and on-site interviews with staff at the swine farm, it can be verified that PP monitors the weight of market swine monthly and records this in the operation log. And PP determines the

monthly sample size of market swine based on the monthly market swine in-stock quantity, using stratified random sampling to select measurement samples, which are then weighed and recorded using a Class III precision weighing instrument. CTI checked the request of applied methodology/59/ and verified that PP designed the sampling method as Stratified random sampling in the swine farm and divide the swine from each into at least 3 age groups (lactation period with 30-60 days, growth period with 60-1300 days and maturity period with 130-168 days). And the method of calculation of sample size is checked by CTI, it is confirmed that the calculation process is in compliance with the Appendix 6 of the Guideline of the "Sampling and surveys for CDM project activities and programmes of activities (Version 04.0)"/58/ and PP will use 95/10 confidence/precision as the criteria for the reliability of sampling efforts which is confirmed in line with Standard of "Sampling and surveys for CDM project activities and programmes of activities (Version 09.0)"/60/. The calculation result of sample size is 423, with 141 of lactation period with 30-60 days, 141 of growth period with 60-130 days and 141 of maturity period with 130-168 days. Based on the records of sampling measurement each month, average animal weight in different phases (lactation, growth , maturity) will be calculated. The detailed sampling procedures has been reported in the page 180 of PD, which has been verified in the page 116 of VR.

2. $n_{d,y}$:

The covered anaerobic digester serves as the core treatment process, whilst the aerobic composting process is comparatively simpler than anaerobic treatment. Passive composting requires occasional turning and can be operated by a single person, enabling continuous operation of the aerobic composting process throughout the year. Only when both the aerobic composting system and the anaerobic digestion system are operating normally can the relevant number of days be recorded in the Operation Log of Baoshan East Hope Swine Farm/112/; If either system malfunctions, that day can not be counted, and the PP will record the cause of the fault and the time of repair in the Operation Log of Baoshan East Hope Swine Farm/112/.

The details have been added in the revised PD (Version 4.0, dated 15/01/2026), which has been verified in the revised VR (Version 4.0, dated 18/01/2026).

To avoid repeated uploads, the revised VR can be obtained in issue1 and the revised PD can be found in issue2.

Verra Response

The VVB has verified that the project proponent has clearly defined and documented the procedures for monitoring parameters NpL, T, nd, y, and Wsite in the revised PD, including data recording responsibilities, cross-checking methods, and sampling procedures. The determination of operational days accounts for the functioning status of both the

		anaerobic digestion and aerobic composting components, with provisions to record downtime where applicable.	
		No further action is required.	
6	Additionality Demonstration		
	Issue 1. As per Section 3.5.2 of the VCS PD, “There are no potential revenues involved in the baseline scenario (pahe no-71).” it is unclear why a simple cost analysis was not used for the additionality demonstration, as required under paragraph 32 of Tool 01: “If the CDM project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than CDM-related income, then apply the simple cost analysis (Option I).” 2. As per CDM Tool 27 Parra 10, input values used in the investment analysis shall be valid and applicable at the time of the investment decision, and the VVB is required to validate the timing of the investment decision and the consistency of all input values with this timing. However, no investment decision date has been specified in the PD or in the VR. 3. As per CDM Tool 27 Parra 7 , “The fair value of any project activity assets at the end of the assessment period shall be included as a cash inflow in the final year.” However, upon review of the NPV calculation sheet, no fair value of the project activity assets has been included as a cash inflow in the final year, nor is any justification for its exclusion provided in the PD or in the VR.	Round 1 VVB Response 1. According to Tool 01: “If the CDM project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than CDM-related income, then apply the simple cost analysis (Option I),” CTI checked Sales records and receipt vouchers for organic fertilizer/59/ and confirmed that the proposed project generates financial benefits from organic fertilizers sales, not only from VERs, thus the simple cost analysis is not applicable. The details has been reported in the page 71 and verified in the page 61 of VR. 2. The investment decision date is 21-Apr-2021, which has been reported in the page 72 of PD and been confirmed in the page 61 of VR. And CTI checked the approved EIA reports /6/ and AWMS construction contract/53/, it is verified that the completion time for the EIA report is finalized in 03/2021 and the investment decision made by the PP was on 21/04/2021 which is the earliest signing date of an AWMS construction contract. The time period is less than 2 months, therefore it’s unlikely that the input values have significantly changed.	Closed

4. In the submitted NPV calculation sheet (TAB Project Basic Parameters), the PP has cited “EIA” as the source for key fiscal parameters, including VAT rate, income tax rates (for different operation periods), urban maintenance and construction tax, and education surtax. As these parameters represent statutory national taxes, they should be supported by official and verifiable sources (e.g. government notifications, tax laws, or official websites) with clear references or links. The use of “EIA” as the sole source is insufficient and unclear, and it is therefore not evident how the VVB has validated the accuracy and applicability of these tax rates for the investment analysis.

Action Required

1. The VVB must ensure that the project proponent addresses points 1-4 mentioned above.
2. The VVB must verify this information and update the VR as needed.

Program Rule(s)

CDM TOOL 27: Investment analysis, 13, Section 7 and 10

VCS Standard, v4.7, Section 2.2.1 (Transparency)

Evidence Observed

N/A

Background

N/A

3. By checking the EIA and NPV calculation spreadsheet/3/, it is confirmed that the residual value as "terminal cash inflow" has been included in the Row 7, Column X of the “cash flow” sheet.

CTI noted Finding 4(a) regarding the application of Para 7 of TOOL27

Investment Analysis which requests ‘*The fair value of any project activity assets at the end of the assessment period shall be included as a cash inflow in the final year. The fair value should be calculated in accordance with local accounting regulations where available, or international best practice. It is expected that such fair value calculations will include both the book value of the asset and the reasonable expectation of the potential profit or loss on the realization of the assets.*’

The detailed assessment and justification are as below:

1. Compliance with authoritative national regulation

Upon detailed review of the project’s EIA and equity NPV spreadsheet, and the ‘*Methods and Parameters for Economic Evaluation of Construction Projects*’ (Third Edition) issued by National Development and Reform Commission (NDRC) and Ministry of Housing and Urban-Rural Development (MOHURD) CTI confirmed:

- The project’s financial model, which was established at the stage of EIA, strictly adheres to the aforementioned authoritative document, which serves as

	the technical standard for investment decision-making and economic evaluation of all new and expansion/renovation projects in China. The document mandates the inclusion of 'recovery of fixed assets residual value' as the terminal cash inflow. The rate of fixed assets residual is reasonable set based on the physical life of fixed assets, technological update and industry practice, which shall be within 5% of the original value in line with the Article 31 of 'Rules for the Provisional Regulations on Enterprise Income Tax of the People's Republic of China'. - In the final year of the project's cash flow calculation period (Year 20), the cash inflow includes the 'recovery of fixed assets residual value'. This amount is calculated based on the original value of fixed assets, and the fixed assets residual rate. CTI confirms the approach fully complies with the requirements of the aforementioned Chinese national standard. Its economic substance is the recovery of the undepreciated value of the assets. During the project feasibility study phase, since future disposal proceeds, disposal costs, market conditions cannot be predicted, the "original value of fixed assets× residual value rate" is adopted as a conservative, comparable, and standardized terminal cash flow assumption to ensure consistency in economic evaluations across different industries. - TOOL27 explicitly states that fair value should be calculated 'in accordance with local accounting regulations where available'. This project's prioritization of and full compliance with the aforementioned authoritative	
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document represent the primary and most correct pathway to meet the requirement of TOOL27. Adopting any other non-mandatory estimation method would deviate form the actual context of project approval in China, compromising the comparability and compliance of the financial analysis.

Based on the professional financial expertise of CTI, the residual value represents the estimated amount that could be obtained from disposing the equipment at the end of its service life, however, the actual selling price of the asset to be disposed may deviate from this estimate, which may lead to be higher or lower than the book value, due to factors such as market conditions, technological evolution, equipment status, supply-demand dynamics, etc, carrying a high level of uncertainty at the stage of feasibility study stage. The principle outlined in the *'Methods and Parameters for Economic Evaluation of Construction Projects'* (Third Edition) regarding the recovery of fixed assets residual value in the end of project period is using the approach of "original value of fixed assets × residual value rate" to assume the asset can be disposed at its scrap value at the end of period to avoid the uncertainty.

2. Supplementary of the reasonable expectation of profit of asset to be disposed for terminal

We understand TOOL27's requirement of fair value to consider the reasonable profit expectations, aims to ensure the financial analysis to avoid underestimating the residual value. However, as per TOOL27, it

is also allowed fair value may consider the reasonable loss expectation of the asset.

To thoroughly address the concerns raised, CTI conducted the following sensitivity analysis:

Since there is no available reference of similar assets disposal for estimation for reasonable expected profit, the possible 10% increased of the 'recovery of fixed assets residual value' is used as the terminal cash inflow in the financial model.

The result of NPV is -395.59 is far more negative than that of the uncovered anaerobic lagoon which means the cost of the project activity without VCU revenues is much higher than the uncovered anaerobic lagoon(-139.14). This sensitive analysis confirms that even when the terminal asset value is adjusted upward by a reasonable margin to account for potential market value, the NPV without carbon credit revenue continues to be insufficient. And this insignificant change in NPV demonstrate that the NPV is relatively insensitive to variations in the terminal residual value.

4.PP has added the source of VAT rate, income tax rates (for different operation periods), urban maintenance and construction tax, and education surtax in the revised NPV calculation sheet and revised PD (Version 4.0, dated 15/01/2026). And CTI checked the sources and cross-checked Financial audit report /128/, verifying the the accuracy and applicability of these tax rates for the investment analysis as following:

I VAT rate (equipment & material)-9%:
 "Announcement on Relevant Policies on Deepening Value-added Tax Reform (Ministry of Finance General Administration of Taxation General Administration of Customs Announcement No. 39 of 2019)" effective from 20/03/2019/50/ states that *"General VAT taxpayers (hereinafter referred to as taxpayers) engaged in taxable sales activities subject to VAT or importing goods shall be subject to a tax rate of 9%."* And it is valid and the most recent official source at the time when completing EIA (Mar-2021).

I VAT rate (Revenue)-0%:
 PP achieves revenue through organic fertilizer sale. By checking the Announcement of the State Administration of Taxation on the Clarification of the Implementation Standards for Organic Fertiliser Products/115/ issued on 29/04/2008, organic fertiliser products are exempt from VAT and therefore the Value Added Tax (VAT) for revenue is 0%. The notice is valid and the most recent official source at the time when completing EIA (Mar-2021).

I Income tax-0%(first 3 operation years);12.5% (4-6 operation years);25% (the rest operation years):
 As per Article 88 of Regulations for the implementation of the enterprise income tax law of the people's Republic of China issued on 06/12/2007 /107/: the income of the enterprise engaged in the qualified **Integrated Development and Utilisation of Biogas** shall be exempted

from corporate income tax from the first year to the third year starting from the tax year in which the first production and operation income of the project is obtained. The corporate income tax will be halved from the fourth year to the sixth year. And combined with Income Tax Law of the People's Republic of China or Enterprises /101/ issued by the Chairman of the People's Republic of China on 16/03/2007: the corporate income tax rate is 25%. Overall, the Income tax of the EIA is valid.

l Urban maintenance and construction tax-5%:

CTI checked the Article 4 of *Interim Rules on Additional Tax for City Development* issued on 11/08/2020/105/: “*For taxpayers located in county towns or townships, the urban maintenance and construction tax rate shall be 5%*”. Via checking Business License of PP/4/, the project locates at Wangzhai Village, Xiyi Township, Longyang District, Baoshan City, Yunnan Province, P.R. China. Thus, the Urban maintenance and construction tax of the EIA is valid.

l Surtax for education-3%:

CTI checked the Article 3 of the latest revised version “Provisional Regulations of the People's Republic of China on Education tax”/106/ issued on 08/01/2011: *the education surcharge rate is 3%*. The notice is valid and the most recent official source at the time when completing EIA (Mar-2021).

		The details have been added in the revised PD (Version 4.0, dated 15/01/2026), which has been verified in the revised VR (Version 4.0, dated 18/01/2026). To avoid repeated uploads, the revised VR can be obtained in issue1 and the revised PD can be found in issue2. <u>Uploaded Files:</u> VCS-BAOSHAN EAST HOPE-NPV-v02	
		<u>Verra Response</u> The VVB has verified that all concerns related to the investment and additionality analysis have been adequately addressed, including justification of the analysis approach, confirmation of the investment decision date, inclusion of terminal asset value, and validation of tax parameters using official sources. No further action is required.	
7	ER Sheet		
	<u>Issue</u> As per submitted Emission Reduction (ER) calculation sheet, the tabs corresponding to project emissions, leakage emissions, and emission reductions display #REF! errors. <u>Action Required</u> The PP shall ensure submission of an error-free ER calculation sheet. <u>Program Rule(s)</u> VCS Standard, v4.7, Section 2.2.1 (Transparency)	Round 1 <u>VVB Response</u> PP confirms that the error-free Emission Reduction (ER) calculation sheet has been revised to resolve the #REF! errors in the project emissions, leakage emissions, and emission reductions tabs. The corrected sheet, formatted in compliance with VCS Standard v4.7 Section 2.2.1 (Transparency), has been resubmitted for review.	Closed

	<u>Evidence Observed</u>	<u>Uploaded Files:</u>	
	N/A	Baoshan ER-Sheet	
	<u>Background</u>	<u>Verra Response</u>	
	N/A	No further action is required.	