

PROJECT REVIEW REPORT

Project ID	832
Project Name	Cikel Brazilian Amazon Redd Apd Project – Avoiding Planned Deforestation
Review Type	Verification: 19 July 2010 to 18 July 2017
Program(s)	VCS
Project Proponent	CBNS NEGÓCIOS FLORESTAIS S/A
Methodology	VM0007: REDD Methodology Module, REDD Methodology Framework (REDD-MF), version 1.6
VVB	Earthood Services Private Limited
Assessment Criteria	VCS Standard, v4.3
Date of First Issue	4 January 2023
Review Conclusion	Approved
Date of Final Issue	14 September 2023

FINDINGS

#	Finding Description	VVB Response	Status
1	KML file does not accurately delineate the Project Area		
	<u>Issue</u> 1. The KML file delineates the boundary to the Rio Capim Complex but does not match the project area. <u>Action Required</u> 1. The VVB must ensure the project proponent (PP) updates the KML so that it meets the requirements laid out in Section 3.10.2(3) of the VCS Standard.	Round 1 <u>VVB Response</u> The KML file has been uploaded to VERRA website. 1. The VVB verified the updated boundaries to match the project area in the KML file. 2. Section 4.5 of the verification report has been updated.	Closed

#	Finding Description	VVB Response	Status
1	KML file does not accurately delineate the Project Area		
	<p>2. The VVB must update Section 4.5 of the verification report (VR) to discuss in greater detail how they assessed the project shapefile/KML and determined it meets the VCS Standard requirements.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.3, Sections 3.10.2(3), 3.4.3 and 4.1.14.</p>	<p><u>Verra Response</u> This finding is closed.</p>	

2	Methodology and tool versions do not match the registered PD		Status
	<p><u>Issue</u> For this monitoring period, the project has switched to the newest version of the methodology, modules and tools (meth/tools) but didn't report this change as a PD deviation.</p> <p><u>Action Required</u> 1A. The VVB must ensure that Section 3.2.2 of the MR is updated to include a PD deviation for switching to the most recent version of the meth/tools.</p> <ul style="list-style-type: none"> The deviation text must describe when the deviation occurred, the reasons for the deviation and how the switch affects the project design, additionality, or the appropriateness of the baseline scenario. <p>1B. The VVB must ensure that the PD is updated to demonstrate that the project meets the applicability conditions of the updated meth/tool versions.</p> <p>2. The VVB must update Section 3.3 of the VR to assess the change as a PD deviation and confirm the applicability of the meth/tool most recent versions.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.3, Sections 3.19.2.(1), 3.2.7(2), 3.4.3</p>	<p>Round 1</p> <p><u>VVB Response</u> Section 3.21 in VCS Standard v4.4 "<i>Projects that have already been validated can continue to apply the version of the methodology under which they were validated until the next validation, baseline reassessment or crediting period renewal, unless otherwise specified in the revised methodology.</i>"</p> <p>The PP decided to continue with the methodologies versions that were validated in the PD.</p> <ol style="list-style-type: none"> The VVB verified the results in the current monitoring period using the versions of the methodology and modules that were validated in the PD. The applicability of the methodology, modules and tools and compliance with the requirements of the VCS standard are verified. Verification report was updated. <p><u>Verra Response</u> <u>Issue</u> Despite the project proponent's decision to continue applying the methodology and tool version validated in the original PD, references to newer methodology versions remain in the MR and VR (e.g., Section 4.1 and 4.2 of the MR).</p>	Closed

2	Methodology and tool versions do not match the registered PD
	<p>and 4.1.14.</p> <p><u>Action Required</u> The VVB must ensure that the versions of applied tools, modules, and methodologies are consistently and accurately reported throughout the MR, VR and ERR calculation sheets.</p> <p>Round 2</p> <p><u>VVB Response</u></p> <p>The VVB verified that the following corrections were made:</p> <p><u>ERR calculation sheets (file “17052023 MR2 SPREADSHEET Cikel VERRA”):</u></p> <ul style="list-style-type: none"> • Tab “PA WOOD PROD CARBON POOL” cell C2: “VMD0005, Version 1.0” • Tab “LOGGING EMISSIONS” cell C2 “VMD0015 M-REDD v2.0” • Tab “LEAKAGE MARKET - TIMBER HAV” cell D2 “LK-ME v1.0” <p><u>MR (file “20230522 VCS MR2 Cikel VERRA”):</u> No mentions of new methodologies were found in MR2.</p> <p><u>04052023 PDD APD CIKEL</u></p> <ul style="list-style-type: none"> • The “Tool for testing significance of GHG emissions in A/R CDM project activities, version 1.0” was included in section 2.1 of the PD. This tool was not used in the PD, but since it was used in MR2 it was included in the PD for consistency. • In the same section of the PD the version of the AFOLU Non-permanence Risk Tool was updated from 3.1 to 4.0. <p>The correct versions of the methodological tools are found in section 4.1 and 4.2 of the monitoring report. The spreadsheet was verified for settings</p>

2	Methodology and tool versions do not match the registered PD		
		<p>to correctly describe the versions. In the PD, the updating of the risk and significance tool was verified.</p> <p>The VVB verified that the versions of the tools, modules and applied methodology are consistently and accurately described throughout the documentation. The correct versions of the methodology, modules and tools are described in the verification report.</p>	
		<p><u>Verra Response</u> This finding is closed.</p>	

3	AFOLU-Specific Safeguards are incomplete		
	<p><u>Issue</u> Section 2.3 of the MR does not describe and address some key AFOLU Safeguards that are necessary to support the demonstration of the absence of negative impacts of the project on local communities.</p> <p><u>Action Required</u> The VVB must ensure that Section 2.3 in the MR is updated to:</p> <ol style="list-style-type: none"> 1. Indicate if the project proponent nor any other entity involved in project design or implementation are be involved in any form of discrimination or sexual harassment. 2. Describe how communication and consultation are performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. <p>The VVB is requested to update Section 4.3 of the VR accordingly.</p>	<p style="text-align: center;">Round 1</p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> 1. The AFOLU safeguards section corresponds to section 2.3 of the monitoring report. The VVB reviewed sections 2.1 No net harm, 2.2 Local Stakeholder Consultation, and 2.3 AFOLU-Specific Safeguards of the monitoring report. It was verified that the entities are not engaged in any form of discrimination or sexual harassment and that communication was made in a culturally appropriate manner, including language and gender sensitivity. The VVB ensured that the above was included in section 2.3 of the monitoring report as part of the AFOLU safeguards. 2. Section 4.3 of the verification report was updated. <p><u>Verra Response</u> This finding is closed.</p>	Closed

3	AFLOU-Specific Safeguards are incomplete		
	<p><u>Program Rule(s)</u> VCS Standard, v4.3; Section 3.17.12, 3.17.14, 3.4.3 and 4.1.14.</p> <p><u>Background</u> Sections 2.1 and 2.3 of the MR conclude that the project did not bring negative impacts to the community members. This conclusion relies on meetings and participatory mapping processes carried out with the communities within the Rio Capim Complex. The two AFOLU Safeguards mentioned above must be described and addressed to guarantee the reliability of consultation and engagement with these stakeholder groups.</p>		

4	More information required to adequately describe PD deviations		
	<p><u>Issue</u> Section 3.2.2 of the MR and 3.3 of the VR report and assess the PD deviations incompletely.</p> <p><u>Action Required</u> 1. The VVB must ensure that Section 3.2.2 of the MR is updated to:</p> <ol style="list-style-type: none"> 1. include a description of when the changes occurred (indicate in which monitoring period each of the deviation was applied) 2. Include version numbers for any methodologies, modules or tools referenced. <p>2. The VVB must update Section 3.3 of the VR to:</p> <ol style="list-style-type: none"> A. provide an assessment of whether each deviation is appropriately described and justified, AND whether the project remains in compliance with the VCS rules. B. For the “compensation/reforestation accounting” deviation: confirm if and how additionality is 	<p style="text-align: center;">Round 1</p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> 1. The VVB evaluated the update of section 3.2.2 of the monitoring report, the deviations occur for the current monitoring period and the referencing of the versions of the methodology and tools was included. 2. Section 3.3 of the verification report was updated. <p><u>Verra Response</u> <u>Issue:</u> A. Section 3.2.2 of the MR provides a generic statement for each deviation stating that the PD deviation does not impact the applicability of the methodology, additionality, or the appropriateness of the baseline scenario (except for the deviation described in 3.2.2(7), which positively impacts additionality). However, some revisions were made to the PD, and justification is not provided in Section 3.2.2 of the MR as to why this</p>	Closed

4	More information required to adequately describe PD deviations	
	<p>impacted, and how this was assessed. The VR makes conflicting statements (stating additionality isn't and is impacted).</p> <p><u>Program Rule(s)</u> VCS Standard, v4.3, Sections 2.2.1, 3.4.3, 3.19, 3.20 and 4.1.14. Registration and Issuance Process (RIP), v4.3, Section 6.1.5.</p>	<p>was required.</p> <p>B. The deviations outlined in subsections 3.2.2(3), 3.2.2(6), and 3.2.2(7) have implications on ERRs (refer to Tables 17, 21 and 44); However, the MR does not justify their impact in meaningful terms (e.g., change in tCO_{2e} or VCUs).</p> <p><u>Action Required</u></p> <p>1. The VVB must ensure that the following sections and documents are updated per the instructions below:</p> <ul style="list-style-type: none"> • <i>Section 3.2.2 of the MR:</i> To clearly describe and justify the deviation which warranted submitting a revised PD, per Section 3.20.2(1) in the VCS Standard, v4.4. • <i>Section 3.2.2 of the MR:</i> To describe how each deviation affects the project, and to quantify the impact of the change on net tCO_{2e} or VCUs claimed. Currently, some ex-post (MR) vs. ex-ante (estimated in the PD) comparison tables are provided. However, the difference in values (positive vs. negative) is not clearly tied to the deviation's larger impact on yearly baseline ERRs, project ERRs, leakage emissions and net GHG ERRs or VCU vintage values, as applicable. • <i>Deviation described in Section 3.2.2(3) of the MR:</i> To describe in detail why negative removals occurred and justify why negative values warrant a PD deviation within the context of the VCS rules and requirements. • <i>Deviation described in 3.2.2(6) of the MR:</i> <ul style="list-style-type: none"> ○ To discuss the impact of incorrectly calculating CLG_{i,t} on the ex-ante ERRs reported in the PD and the ERRs and VCUs claimed by the project during the first monitoring period. Revised tables and calculations must

4	More information required to adequately describe PD deviations	
		<p>be provided.</p> <ul style="list-style-type: none"> ○ To clearly report if this error resulted in an over issuance of VCUs during the first monitoring period. <p>2. The VVB must review the changes and update Sections 3.1 and 3.2 of the VR to include a written assessment of the rationale presented in the MR, as well as an assessment of each deviation’s compliance with VCS rules and requirements.</p>
		<p>Round 2</p> <p><u>VVB Response</u></p> <p>1. The VVB reviewed the following sections and documents:</p> <ul style="list-style-type: none"> • <i>Section 3.2.2 of the MR: To clearly describe and justify the deviation which warranted submitting a revised PD, per Section 3.20.2(1) in the VCS Standard, v4.4:</i> <p>The section 3.2.2 was verified about the updates in the PD. The project proponent reinforced that the updates have not caused any changes to the original PD calculations, only in the methodological tools update.</p> <p>The VVB reviewed section 3.2.2 of the MR and verified that the deviations are clearly described and justified and that they do not imply changes to the PD considering the requirements of Section 3.20.2(1) of the VCS Standard, v4.4. The modifications relate to the inclusion “Tool for testing significance of GHG emissions in A/R CDM project activities, version 1”, and the Updating of the AFOLU Non-Permanence Risk Tool version from 3.1 to 4.0 in the section 2.1 of the PD.</p> <p>The VVB updated section 3.3 of the Verification Report to describe the</p>

4	More information required to adequately describe PD deviations	
		<p>revisions made to the PD that the project proponent justifies.</p> <ul style="list-style-type: none"> Section 3.2.2 of the MR: To describe how each deviation affects the project, and to quantify the impact of the change on net tCO_{2e} or VCUs claimed. Currently, some ex-post (MR) vs. ex-ante (estimated in the PD) comparison tables are provided. However, the difference in values (positive vs. negative) is not clearly tied to the deviation's larger impact on yearly baseline ERRs, project ERRs, leakage emissions and net GHG ERRs or VCU vintage values, as applicable. <p>The VVB reviewed the following modifications, per section of the Monitoring Report:</p> <p>Section 3.2.2.1</p> <p>In 3.2.2.1, the project proponent explained the need to explain a change in the frequency of measurements, which does not affect the net reductions or VCUs claimed.</p> <p>The VVB updated section 3.3 of the Verification Report to describe that the deviation 3.2.2.1 not affect the net reductions or VCUs claimed.</p> <p>Section 3.2.2.2</p> <p>In 3.2.2.2, the project proponent explained the need to remove 0.2 ha from the PA, and the justifications of how this does not alter the net tCO_{2e} or VCUs claimed.</p> <p>The VVB updated section 3.3 of the Verification Report to describe that the deviation 3.2.2.2 not affect the net reductions or VCUs claimed.</p> <p>Section 3.2.2.3</p>

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		<p>Section 3.2.2.3 was verified. The following spreadsheets were reviewed:</p> <ul style="list-style-type: none"> - “01_CIKEL_PD_Original Spreadsheet”. This is the original ERR spreadsheet of the PD. In the yellow tab “compensation” there is the original calculation of the sequestration rate of tCO₂ from the offset planting. Those values were <i>discounted</i> from the baseline. This discount can be check in the blue tab “total VCU calc”, in the column “F”. - “01_PD_SPREADSHEET_FINDING#4_3.2.2.3” This is the simulation spreadsheet of the impact of the regeneration rate adjustment on the PD calculations. The original PD data were maintained, with only the projection of tCO₂ sequestration by the offset planting being adjusted. In the tab “BL-REFORESTATION” there are the calculations to evaluate the impact of the adjustment on the regeneration rate. Refers to columns “R to AB”. In the tab “VCU”, the original values from the PD were kept, except the sequestration from the compensation planting (Column E). Consequently, the net baseline emissions and removals and the buffer allocation had changed. The comparative tables that were included in the section 3.2.2.3 are also in this tab. - MR1_SPREADSHEET_Cikel_FINDING#4_3.2.2.3. This is the simulation spreadsheet of the impact of the regeneration rate adjustment on the previously MR calculations. The original MR1 data were maintained, with only the projection of tCO₂ sequestration by the offset planting being adjusted. The rationale applied in this spreadsheet is the same as the one applied for the simulation spreadsheet for the PD baseline, as explained above. <p>Documents provided by the project proponent in folder “#4” subfolder “3.2.2.3”: 01_CIKEL_PD_Original Spreadsheet</p>

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		<p>O1_PD_SPREADSHEET_FINDING#4_3.2.2.3 MR1_SPREADSHEET_Cikel_FINDING#4_3.2.2.3</p> <p>The figures 17 and 18 and tables 15 to 20 of MR with comparative tables were reviewed in the sections 3.2.2.3, which demonstrate the impact of deviations on VCUs.</p> <p>The VVB updated section 3.3 of the Verification Report to describe that deviation 3.2.2.3 does not affect the net reductions or VCUs claimed in the first monitoring period because the adjustments applied for the current period would have generated a greater number of credits in the previous monitoring period, which are no longer being claimed by the project proponent.</p> <p>Section 3.2.2.4</p> <p>In 3.2.2.4, the project proponent explained the change of project proponent name, which does not affect the net reductions or VCUs claimed.</p> <p>Section 3.2.2.5</p> <p>In 3.2.2.5, the project proponent explained the change on the Other Entities Involved in the Project, which does not affect the net reductions or VCUs claimed.</p> <p>Section 3.2.2.6</p> <p>Section 3.2.2.6 was verified. The following spreadsheets were reviewed:</p> <ul style="list-style-type: none"> - “02_CIKEL_PD_Original Spreadsheet” This is the original ERR spreadsheet of the PD. In the blue tab “w proj ex ante” there is the original calculation applying the formula 10 of the VMD0015 V2.0. The Column H shows the Vext summing the volume of

4	More information required to adequately describe PD deviations	
		<p>timber and residues. The Column J shows the calculation of Cext and the Column K shows the calculation of Clg, which is impacted by the Cext.</p> <ul style="list-style-type: none"> - “02_PD_SPREADSHEET_FINDING#4_3.2.2.6” This is the simulation spreadsheet of the adjustment of the formula 10 from VMD0015 v2.0 on the PD calculations. In the tab “PD DATA” the original data were maintained, with only the Vext corrected, which impacted the CLG formula. Please, check the Column I, Column K and Column L. The values from the Column L in the tab “PD DATA” is reflected on the Column J from the Tab “VCU”, where the results of the logging gap emissions are demonstrated. <p>Documents provided by the project proponent in folder “#4” subfolder “3.2.2.6”:</p> <p>02_CIKEL_PD_Original Spreadsheet 02_PD_SPREADSHEET_FINDING#4_3.2.2.6</p> <p>The figure 19 and table 22 of MR with comparative tables were reviewed in the sections 3.2.2.6, which demonstrate the impact of deviations on VCUs.</p> <p>The VVB updated section 3.3 of the Verification Report to describe that the deviation 3.2.2.6 did not impact in VCUs during the first monitoring period, because the correction would have generated a greater number of VCUs in the previous period, which can no longer be claimed.</p> <p>Section 3.2.2.7:</p> <p>Section 3.2.2.7 was verified. The following spreadsheets were reviewed:</p> <ul style="list-style-type: none"> - “03_PD_SPREADSHEET_FINDING#4_3.2.2.7” In the Tab “BL - LEAKAGE MARKET - TIMBER HAV” are the calculations of the LKmarketeffect parameter for the 2011 forward. The project proponent explains that this parameter was not considered in the PD because at the time of validation the main market for the

4	More information required to adequately describe PD deviations	
		<p>sawnwood was international, so it was not necessary to calculate it. But since 2011 the market has changed and has become mostly national, so it's necessary to calculate the parameter LKmarketeffect. In the TAB "VCU" are the results of this calculation and the comparative tables.</p> <p>Documents provided by the project proponent in folder "#4" subfolder "3.2.2.7": O3_PD_SPREADSHEET_FINDING#4_3.2.2.7</p> <p>The figure 20 and tables 23 to 26 of MR with comparative tables were reviewed in the sections 3.2.2.7, which demonstrate the impact of deviations on VCUs.</p> <p>The VVB updated section 3.3 of the Verification Report to describe that the deviation 3.2.2.7 did not impact in VCUs claimed, because until the first monitoring period, the sale of timber was carried out only for the international market, and the LKMarketEffects,timber parameter was not applicable.</p> <ul style="list-style-type: none"> • Deviation described in Section 3.2.2(3) of the MR: To describe in detail why negative removals occurred and justify why negative values warrant a PD deviation within the context of the VCS rules and requirements. <p>The VVB verified that in section 3.2.2.3 of the MR, the project proponent included an explanation on the negative values. Negative values were used to show that carbon sequestration from the offset planting is discounted from the baseline. The negative value reflects that it is carbon removal through forest growth.</p> <ul style="list-style-type: none"> • Deviation described in 3.2.2(6) of the MR: <ul style="list-style-type: none"> ○ To discuss the impact of incorrectly calculating CLG,i,t on the ex-ante ERRs reported in the PD and the ERRs

4	More information required to adequately describe PD deviations		
		<p>and VCUs claimed by the project during the first monitoring period. Revised tables and calculations must be provided.</p> <ul style="list-style-type: none"> ○ To clearly report if this error resulted in an over issuance of VCUs during the first monitoring period. <p>The VVB verified that this calculation has no impact on the VCUs claimed in the first MR, because the project proponent did not consider the forest management schedule to be carried out in 2010, therefore this management was quantified only in this MR. CLG,i,t is only applied when there is management activity because it quantifies the emissions derived from the utilization gaps.</p> <p>Regarding the impact on the PD, the greater the volume of Vext considered, the greater the emission of the logging gap. As the PD considered a higher volume of Vext (log + residue), the project's emissions are higher, therefore, there is less generation of VCUs. Therefore, if the project proponent were to correct this calculation in the PD, it would be expected to generate a higher volume of VCUs. This explanation was included by the project proponent in section 3.2.2.6 of the MR.</p> <p>Since there was no forest management activity in the previous MR, the project proponent considers that it was not necessary to simulate this calculation. However, the proponent of the project carried out the projection of the PD to demonstrate the possible impact, which is also described in section 3.2.2.6 of the MR.</p> <p>To simulate the values in the PD, the project proponent opted to adjust the formula in the original PD spreadsheet but displaying the comparison tables in a separate file.</p> <p>The VVB reviewed the following made by the project proponent:</p> <ul style="list-style-type: none"> - "01_CIKEL_PD_Original Spreadsheet" <p>Tab "w proj ex ante" in <i>blue</i>: The cells in <i>orange</i> are those that have the original calculation: H8, H9, J8,J9,K8,K9</p>	

4 More information required to adequately describe PD deviations

	Column Reference		
	H	J	K
Year	<i>m3</i>	tCO2	tCO2
2008	<i>VEXT</i>	<i>CEXT</i>	<i>CLG</i>
2009	0.0	0.0	0.0
2010	0.0	0.0	0.0
2011	18,416.6	21,390.2	66,633.7
2012	237,963.8	276,386.2	860,983.9
2013	0.0	0.0	0.0
2014	0.0	0.0	0.0
2015	0.0	0.0	0.0
2016	0.0	0.0	0.0
2017	0.0	0.0	0.0

- "02_CIKEL_PD_Original Spreadsheet Adjusted"
 Tab "w proj ex ante" in *blue*:
 The cells in *orange* are those that have the adjusted calculation: H8, H9, J8, J9, K8, K9

	Column Reference		
	H	J	K
Year	<i>m3</i>	tCO2	tCO2
2008	<i>VEXT</i>	<i>CEXT</i>	<i>CLG</i>
2009	0.0	0.0	0.0
2010	18,416.6	21,390.2	66,633.7
2011	50,744.2	58,937.5	183,599.2
2012	0.0	0.0	0.0
2013	0.0	0.0	0.0

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		2014	0.0	0.0	0.0	<p>- "02_PD_SPREADSHEET_FINDING#4_3.2.2.6"</p> <p>In the Tab "PD DATA", the data from the "02_CIKEL_PD_Original Spreadsheet Adjusted" tab "w proj ex ante" was pasted. In the Tab "VCU" the original values of the PD were used, except for the emissions arising from the logging gap, which consequently affects the generation of VCUs and the final buffer. In this same tab are the comparative tables of the original PD scenario and the adjusted scenario, which were included in section 3.2.2.6.</p> <p>Documents provided in folder "#4" subfolder "3.2.2.6": 02_CIKEL_PD_Original Spreadsheet 02_CIKEL_PD_Original Spreadsheet Adjusted 02_PD_SPREADSHEET_FINDING#4_3.2.2.6</p> <p>2. The VVB must review the changes and update Sections 3.1 and 3.2 of the VR to include a written assessment of the rationale presented in the MR, as well as an assessment of each deviation's compliance with VCS rules and requirements.</p> <p>The VVB reviewed the previously described changes that were made by the project proponent and updated Section 3.3 of the Verification Report to include descriptions of each deviation's compliance with the VCS rules and requirements. In the previous answers, the update of the Verification Report is mentioned for each deviation.</p> <p><u>Verra Response</u> This finding is closed.</p>
		2015	0.0	0.0	0.0	
		2016	0.0	0.0	0.0	
		2017	0.0	0.0	0.0	

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified		
	<p><u>Issue</u></p> <p>Calculations in Sections 5.1 - 5.4 of the MR do not provide sufficient information to allow the reader to reproduce the calculations.</p> <p>Based on the estimated ERRs presented in the registered PD, actual ERRs appear to be greater than estimated ERRs. However, Ex-ante vs Ex-post ERRs are not compared, and justification for any differences is not provided in the MR or VR.</p> <p><u>Action Required</u></p> <ol style="list-style-type: none"> The VVB must ensure that Sections 5.1 - 5.4 of the MR are updated so that all calculations used to reach the final results are reproducible. <ul style="list-style-type: none"> Each section must include all steps, equations, and values used in- the calculations. The methodology equation numbers should also be reported consistently. In Section 5.4, it should be clear how each of the values for each vintage were reached. The VVB must also ensure that a copy of the ERR calculations spreadsheet is provided to Verra. The VVB must ensure that Section 5.4 of the MR and Section 5 of the VR are updated to compare the estimated ERRs presented in the PD vs the actual ERRs presented in the current MR. <ul style="list-style-type: none"> Justification for any difference reported should be included and assessed, respectively. Comparison math should be included in the provided ERR calculations spreadsheet. <p><u>Program Rule(s)</u></p>	<p>Round 1</p> <p><u>VVB Response</u></p> <ol style="list-style-type: none"> The VVB evaluated the update of sections 5.1 to 5.4 of the monitoring report with sufficient information to reproduce the calculations. The justification of the differences between ex ante and ex post calculations was also verified. The VVB verified the spreadsheet “02022023_MR2_SPREADSHEET_Cikel_VERRA”, the which is provided to Verra team. Section 5 of the verification report was updated. <p><u>Verra Response</u></p> <p><u>Issue</u></p> <p>A. The spreadsheet indicates values from VMD0005, Version 1.1 were applied, despite the MR indicating v1.0 is applied.</p> <p>B1. Sections 5.1-5.4 in the MR are not organized to allow readers to follow easily. The PP focuses on specific calculations but does not provide enough context to demonstrate how individual calculations are linked to the vintage values reported in Table 56.</p> <p>B2. Section 5.1 provides insufficient information to follow how the emissions from planned deforestation in the baseline scenario were calculated.</p> <p>B3. It is not justified why the carbon stock in above and belowground living biomass on pasture lands (CBSL,post,l) is assumed to be 0 tCO2e/ha, or how this value is conservative or accurate.</p> <p>C. Section 5.1 contains math work that is not in line with the methodology.</p>	Closed

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified										
	<p>VCS Standard, v4.3, Sections 2.2.1, 3.4.3 and 4.1.14.</p>	<p><u>Action Required</u></p> <p>A. The VVB must ensure that the correct version of VMD0005 is applied and reported in the ERR calculations sheet, MR, and VR.</p> <p>B1. The VVB must ensure that Sections 5.1-5.4 of the MR are updated to clearly demonstrate (e.g., via methodology steps, equations and math work) how the PP arrived at each of the yearly vintage baseline ERR, project ERR, leakage emission and net GHG ERR values presented in Table 56.</p> <p>B2. The VVB must ensure that Section 5.1 of the MR provides more information on how the emissions from planned deforestation in the baseline scenario were calculated, and what math was used to reach the final baseline ERR vintage values.</p> <p>B3. The VVB must ensure that Section 5.1 of the MR is updated to provide information and justification on why applying a value of zero (tCO₂e/ha) for pasture carbon stock is conservative and accurate within the context of the Section 2.2 of VMD0006, v1.0.</p> <p>C. The VVB must investigate the following issues identified in Section 5.1 and 5.2 of the MR and ERR calculations tab 'PA WOOD PROD CARBON POOL'. The VVB must also ensure that the MR and calculations sheets are updated so that they are correct and in line with the applied methodologies, in particular VMD0005, Version 1.0:</p> <ul style="list-style-type: none"> As outlined below, parameters A and Vex,ty,j values are reported inconsistently between project documents. <table border="1" data-bbox="995 1170 1787 1409"> <thead> <tr> <th></th> <th>A (ha)</th> <th>Vex,ty,j (m³)</th> </tr> </thead> <tbody> <tr> <td>PD</td> <td>27,434.9</td> <td>1,394,791</td> </tr> <tr> <td>MR</td> <td>18,799 and 8,015</td> <td>955,726 and 207,051</td> </tr> </tbody> </table>		A (ha)	Vex,ty,j (m ³)	PD	27,434.9	1,394,791	MR	18,799 and 8,015	955,726 and 207,051
	A (ha)	Vex,ty,j (m ³)									
PD	27,434.9	1,394,791									
MR	18,799 and 8,015	955,726 and 207,051									

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified		
	ERR Calculations Sheet	8,015	207,051
	<p>The MR and/or ERR calculations sheet must be updated to apply and report values consistently and correctly.</p> <ul style="list-style-type: none"> • WWty & CWP,i: <ul style="list-style-type: none"> ○ Step 3 equation and Table 43: The ERR calculation sheet indicates that $Cwp=Cxb*(1-0.24*(1-SLFs)*(1-OFty))$ as opposed to $Cwp=Cxb*(1-0.24)*(1-SLFs)*(1-OFty)$. 		
	Round 2		
	<p><u>VVB Response</u></p> <p><u>Issue</u></p> <p><i>A. The spreadsheet indicates values from VMD0005, Version 1.1 were applied, despite the MR indicating v1.0 is applied.</i></p> <p>The VVB reviewed in the tab “PA WOOD PROD CARBON POOL” of the “17052023_MR2_SPREADSHEET_Cikel” that the module reference was adjusted. In the rows 8 to 10 the coefficients CF, WWs and SLFs have their values indicated, and the project proponent was referring to VMD0005 v1.1 as the source of the values, now it was corrected to VMD0005 v1.0. The values have not changed, because both versions of the module use the same values.</p> <p>The VVB verified that the correct version of VMD0005 is applied and indicated in the spreadsheet, MR and VR.</p> <p><i>B1. The VVB must ensure that Sections 5.1-5.4 of the MR are updated to clearly demonstrate (e.g., via methodology steps, equations and</i></p>		

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified	<p><i>math work) how the PP arrived at each of the yearly vintage baseline ERR, project ERR, leakage emission and net GHG ERR values presented in Table 56.</i></p>	
		<p>The VVB reviewed that the Sections 5.1 to 5.4 in the MR were updated consistently and correctly.</p> <p>B2. The VVB must ensure that Section 5.1 of the MR provides more information on how the emissions from planned deforestation in the baseline scenario were calculated, and what math was used to reach the final baseline ERR vintage values.</p> <p>shea</p> <p>The VVB reviewed that the section 5.1 in the MR were updated, where all the equations and steps for calculating the baseline emissions were described according to module VMD0006 BL-L v1.0.</p> <p>B3. The VVB must ensure that Section 5.1 of the MR is updated to provide information and justification on why applying a value of zero (tCO₂e/ha) for pasture carbon stock is conservative and accurate within the context of the Section 2.2 of VMD0006, v1.0.</p> <p>The VVB reviewed the explanation that was included in the section 5.1 of the MR.</p> <p>The significance calculations, that were reviewed by the VVB, are in worksheet "SPREADSHEET_FINDING#5":</p> <p>a. TAB "Pasture": Demonstrates the rationale for calculating pasture carbon stock (post-deforestation land use) and the references for the pasture carbon stock.</p> <p>b. TAB "PD": applied the carbon stock in the baseline carbon pool of the PD (see Column "I"). All the other values were kept as validated in the PD.</p> <p>c. TAB "MR1": applied the carbon stock in the baseline carbon pool of the previous MR (see Column "I"). All the other values were kept as verified in the previous MR (MR1).</p>	

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified											
		<p>d. TAB “MR2”: applied the carbon stock in the baseline carbon pool of the current MR (see Column “I”). All other values were kept as the current MR.</p> <p>e. TAB “T-SIG”: application of the T-SIG tool to analyse the significance of pasture stock on baseline emissions.</p> <p>Documents provided FOLDER #5:</p> <ul style="list-style-type: none"> • “2006_Suppression Plan”: CBNS suppression plan • SPREADSHEET_FINDING#5 • VMD0006 BL-PL Planned baseline (v1.0) <p>The VVB reviewed that the Section 5.1 in the MR was updated.</p> <p><i>C. The VVB must investigate the following issues identified in Section 5.1 and 5.2 of the MR and ERR calculations tab ‘PA WOOD PROD CARBON POOL’. The VVB must also ensure that the MR and calculations sheets are updated so that they are correct and in line with the applied methodologies, in particular VMD0005, Version 1.0:</i></p> <p>The VVB reviewed the following:</p> <p>In the TAB “PA WOOD PROD CARBON POOL” of the “17052023_MR2_SPREADSHEET_Cikel” was included (see cell 51, column C) an explanation about each Area and Vext, as described in the table below:</p> <table border="1" data-bbox="995 1141 1776 1388"> <thead> <tr> <th>Area (ha)</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>27,434.90</td> <td>Original PA (PD)</td> </tr> <tr> <td>27,434.70</td> <td>Project Area updated (as deviation 3.2.2.2 of the current MR)</td> </tr> <tr> <td>21,750</td> <td>Total area expected to be suppressed in the baseline for this monitoring period (2010/2017)</td> </tr> <tr> <td>18,799</td> <td>Total area expected to be suppressed in the baseline for this monitoring period, excluding 2010 because it was accounted in the MR1 (previous MR)</td> </tr> </tbody> </table>	Area (ha)	Description	27,434.90	Original PA (PD)	27,434.70	Project Area updated (as deviation 3.2.2.2 of the current MR)	21,750	Total area expected to be suppressed in the baseline for this monitoring period (2010/2017)	18,799	Total area expected to be suppressed in the baseline for this monitoring period, excluding 2010 because it was accounted in the MR1 (previous MR)
Area (ha)	Description											
27,434.90	Original PA (PD)											
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21,750	Total area expected to be suppressed in the baseline for this monitoring period (2010/2017)											
18,799	Total area expected to be suppressed in the baseline for this monitoring period, excluding 2010 because it was accounted in the MR1 (previous MR)											

5 ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified

9,145	Total area of forest management carried out during this monitoring period (2010/2017)
8,015	Total area of forest management carried out during this monitoring period, excluding 2010 because from 2011 the sale of wood became national, changing the calculation of leakage market
Volume (m³) - Vext	Description
1,105,762	Total volume of commercial wood to be exploited in the baseline for this monitoring period (according to the suppression plan)
955,726	Total volume of commercial wood (according to the suppression plan) to be exploited in the baseline for this monitoring period, excluding 2010 because it was accounted in the MR1
240,744	Total volume of commercial wood exploited during this monitoring period through the forest management carried out (2010/2017)

Also, there are two main tables in this TAB:

- FSC Logging (Line 20): summarizes the emissions from forest management carried out in the period of this monitoring (2010 - 2017).
- Baseline - Planned Deforestation (Suppression Plan) (Row35): summarizes the emissions from planned deforestation predicted in the baseline. In the Row 46 shows the results of emissions and volume of wood to be commercialized from planned deforestation for the period from 2010 to 2017. The Row 47 shows the same results, but excluding the year of 2010, since the baseline emissions of the entire year was considered in the previous MR.

There are no deviations in the application of VMD0005 v1.0, because the data cited above are used for different purposes. The suppression data (area and volume) are used in the baseline emissions calculations, while the sustainable forest management data are used for the project emissions.

- **WWty & CWP,i:**
 - **Step 3 equation and Table 43: The ERR calculation sheet indicates that $Cwp=Cxb*(1-0.24*(1-SLFs))*(1-OFty)$ as opposed to $Cwp=Cxb*(1-0.24)*(1-$**

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified	
		<p style="text-align: center;">SLFs)*(1- OFty).</p> <p>The VVB reviewed that the formula was corrected. This can be checked in the Tab “PA WOOD PROD CARBON POOL” from 17052023_MR2_SPREADSHEET_Cikel. The adjusted formula is applied in the Column F, Table “FSC Logging”, Cells F:23 to F:31. The VVB verified that the MR and calculations sheets were updated so that they are correct and in line with the applied methodologies, in particular VMD0005, Version 1.0.</p> <p>The VVB reviewed the previously described changes that were made by the project proponent and updated of the Verification Report.</p> <p><u>Verra Response</u> Issues A, B1, B2, and C have satisfactorily been addressed. However, this finding cannot be closed.</p> <p><u>Issue</u> The significance of including/excluding the carbon stocks of post-deforestation pastures (CBSL,post,l) in the ERRs calculations has been tested against the baseline gross emissions and not against the total ERRs, as per T-SIG.</p> <p><u>Action item</u></p> <ol style="list-style-type: none"> 1. The VVB must ensure that the significance of pastures’ carbon stocks is tested in accordance with the applicable tool (T-SIG). 2. If the pasture carbon stocks represent more than 5% of the total ERRs (CREDD,t), the VVB must ensure that: <ol style="list-style-type: none"> a. GHG ERRs calculations of the monitoring period 2 are corrected to discount from the baseline emissions, the post-deforestation stocks in pasture. b. The same is applied retroactively to the 1st monitoring period and the resulting over-issuance is

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified	
		<p>discounted from this verification request.</p> <p>3. The VVB must assess the revision and update the verification report accordingly.</p> <p>Background T-SIG is a CDM Tool that has been developed for A/R CDM project activities. In the context of a VCS REDD project, The sentence: <i>“The sum of decreases in carbon pools and increases in emissions that may be neglected shall be less than 5% of the total decreases in carbon pools and increases in emissions, or less than 5% of net anthropogenic removals by sinks, whichever is lower.”</i></p> <p><i>Should be understood as</i> <i>“The sum of emission reductions or removals that may be neglected shall be less than 5% of the total decreases in carbon pools and increases in emissions, or less than 5% of net anthropogenic ERRs, whichever is lower.”</i></p> <p>Round 3</p> <p><u>VVB Response</u></p> <p>1. The VVB reviewed that in the methodology and its tools it refers to post-deforestation herbaceous carbon pools as negligible (i.e. de minimis). Under this context, the project proponent had designed all the ERR calculation based on the “<i>de minimis</i>” pasture carbon pool premise, since the project conception in the PD, given that pasture vegetation (i.e., post-deforestation vegetation) is classified as “herbaceous” (See section 3.2 and 5.1.5 of the Monitoring Report). Even though, for this monitoring period, the tool T-SIG was applied, emphasizing conservatism.</p> <p>The VVB ensured the assessment of the significance of the post-deforestation pasture carbon stocks (CBSL_{post,l}) in the ERRs calculations. The pasture stock represents 7.0% of the</p>

5 ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified

total ERRs of the current monitoring period. In the first monitoring period, the pasture stock is not significant (4.4% of the total ERRs of the 1^o monitoring report), so there was no over-issuance of credits.

2. The application of the significance analysis according to the T-SIG was duly corrected in the spreadsheet (see SPREADSHEET_FINDING#5_V3), considering the representation of the pasture stock in relation to the ERRs. The simulation of pasture stock inclusion can be seen in the “MR2” tab:

- At the beginning of the tab are the original data of the current monitoring report, according to the latest version of the calculation spreadsheet validated by VVB and VERRA (17052023_MR2_SPREADSHEET_Cikel).
- Pasture stock was included in column "I", and this calculation can be checked in the “Pasture” tab.
- The cells C:42 to F:42 show the difference between the two scenarios (Simulation considering the inclusion of post-deforestation pasture minus original scenario). As below:

	Original MR2	Simulation	Difference	
Year	CREDD (tCO2e)	CREDD (tCO2e)	Δ CREDD	
2010	-159,709	-159,709	0	
2011	1,066,664	1,005,043	61,622	
2012	211,563	152,226	59,338	
2013	395,133	340,730	54,403	
2014	1,205,572	1,148,705	56,866	
2015	523,176	474,373	48,803	
2016	1,304,839	1,243,341	61,497	
2017	1,032,250	982,016	50,234	
Total	5,579,488	5,186,724	392,763	7.0%

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified
	<p>Applying the T-SIG, the pasture stock for the current monitoring period represents 7.0% of the ERRs and is therefore significant.</p> <p>As explained in Section 2.2 Post-Deforestation Carbon Stocks of the VMD0006 1.0: “Carbon pools excluded from the project can be accounted as zero. Herbaceous non-tree vegetation is considered to be <i>de minimis</i> in all instances.” According to the suppression plan, after the deforestation of the baseline, pastures would be implemented with species of the genus <i>Brachiaria</i>, which are herbaceous grasses, falling under this <i>minimis</i> rule. Besides that, the non-tree carbon stock (herbaceous, vines, shrubs...) in the forest is much higher than the non-tree carbon stock in pasture. In addition, in the applicability section of the VMD0001 v1.0, is explained:</p> <ul style="list-style-type: none"> ➤ <i>Non-tree aboveground biomass must be included as part of the project boundary if the following applicability criteria are met (per framework module REDD-MF):</i> <ul style="list-style-type: none"> • <i>Stocks of non-tree aboveground biomass are greater in the baseline than in the project scenario, and</i> • <i>Non-tree aboveground biomass is determined to be significant (using the T-SIG module).</i> <p>In this context, the stocks of non-tree aboveground biomass are <i>lower</i> in the baseline than in the project scenario.</p> <p>However, for conservatism reasons, the project proponent chose to include the pasture stock in the baseline for the <i>current</i> monitoring period.</p> <p>In the ERR spreadsheet “2023.07.10_MR2_SPREADSHEET_Cikel” was included a new tab “PASTURE”, where the post-deforestation carbon stock is calculated. It was considered the average value of 20.9tCO₂/ha of total biomass (AGB+BGB) for pasture. This coefficient was multiplied for the ha/yr planned to be deforested in the baseline scenario, obtaining the stock remaining in the pasture after</p>

5 ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified

deforestation:

Year	Planned Deforestation (ha/yr)	tCO ₂ /yr
2010	0.00	0.00
2011	2,949	61,622
2012	2,840	59,338
2013	2,604	54,403
2014	2,722	56,866
2015	2,336	48,803
2016	2,943	61,497
2017	2,404	50,234
Total	18,799	392,763

Even after the correction of the significance of post-deforestation pasture, this carbon stock represents less than 5% of the total ERRs from the 1° monitoring period. Therefore, there was no over-issuance. This VVB checked this calculation in the

“SPREADSHEET_FINDING#5_V3”, **TAB MR1:**

- i. Cells C:20 to G:20 indicate the original values of Δ CBSL, Δ CP and Δ CLK from the 1st monitoring report (without considering post-deforestation pasture stock).
- ii. At the beginning of the tab is the original data from the 1st monitoring report, with only pasture stock being included in column I (calculation in the Pasture tab), so it is possible to simulate the impact of this inclusion. Cells J:21 to J:24 compiles the CREDD of the simulation.
- iii. Cells O:21 to O:24 is the difference between the two

5 ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified

scenarios (Simulation considering the inclusion of post-deforestation pasture minus original scenario). As below:

Year	Original MR1	Simulation	Difference	
	CREDD (tCO2e)	CREDD (tCO2e)	Δ CREDD	
2008	1,436,718	1,377,250	-59,468	
2009	1,339,936	1,280,624	-59,312	
2010	1,317,808	1,256,149	-61,659	
Total	4,094,462	3,914,023	-180,439	4.4%

Therefore, based on the T-SIG analysis, the project proponent concludes that the post-deforestation pasture is insignificant (**4.4%**). Thus, there was no over-issuance of credits in the first monitoring report, with no need for adjustment or compensation in the current monitoring report.

- The VVB updated the section 3.3 and 5 of the verification report.

Verra Response

The MR was updated to ensure that the significance of the pasture carbon stocks is tested in accordance with the applicable tool (T-SIG). Since the pasture carbon stocks represented more than 5% of the total ERRs (CREDD,t) in the current monitoring period (MP2), the GHG ERRs calculations were corrected to discount the post-deforestation stocks in pasture from the baseline emissions.

This finding is closed, and no further action is needed.

Per Section 3.20.4 of the VCS Standard v4.4, the deviation shall be

5	ERR calculations are not reproducible and Ex-ante vs Ex-post ERRs are not compared or justified	
		reported in all subsequent verification reports, Meaning, this deviation must be made going forward, and not only for the current monitoring period.

6	Impact of hacker attack not assessed by VVB	
	<p><u>Issue</u> The VVB does not discuss the impact of the hacker attack and loss of data on the project.</p> <p><u>Action Required</u> The VVB must update Section 4.1 and 4.5 of the VR to include a discussion of their assessment and conclusion regarding the impact of the hacker attack on the project. The VVB should also indicate how they determined impact of the hacking on project data and ERR calculations.</p> <p><u>Program Rule(s)</u> VCS Standard, v4.3, Sections 4.1.14, 3.15.</p> <p><u>Background</u> Section 4.3 of the MR states “between 2011 and 2017, there were operational problems with employees' notebooks and a hacker attack that caused the loss of relevant documents and evidence of the company, Monitoring Report: VCS Version 4.1 117 including evidence related to the Cikel REDD project, such as training certificates, fire brigade reports, photos, among others.”</p>	<p>Round 1</p> <p>The VVB updated section 4.1 and 4.5 of the verification report to include the description of the assessment on the impacts and the conclusion regarding the hacker attack on the project. The VVB verified that the hacker attack did not impact the ERR calculations.</p> <p><u>Verra Response</u></p> <p>This finding is closed.</p>
		Closed

7	Clarification required for FAR #2		
	<p><u>Issue</u></p> <p>1. The intent and directive of the second forward action request (FAR) is unclear</p> <p>2. FAR #2 mentions an FSC requirement, but it is not clear how it relates to VCS verification rules and requirements.</p> <p><u>Action Required</u></p> <p>The VVB must update Section 4.1 and 4.5 of the VR to:</p> <ol style="list-style-type: none"> 1. Clarify FAR #2 and what action should be taken by the next VVB 2. Justify how FAR #2 relates to the VCS rules and requirements <p><u>Program Rule(s)</u></p> <p>VCS Standard, v4.3, Sections 4.1.14.</p> <p><u>Background</u></p> <p>FAR #2 in Section 2.5.1 of the VR states “Evidence of the effectiveness of communication for the project, independent of the FSC audit, is unclear.</p> <p>The project proponent is requested to demonstrate how the requirements of FSC about effectiveness of communication comply with the requirements in this kind of projects and how is it management in a system control differentiated by project and its effectiveness.”</p>	<p>Round 1</p> <p><u>VVB Response</u></p> <p>The VVB updated sections 2.5.1 and 4.1 of the verification report to clarify FAR #2. The VVB does not show a relationship between this issue and section 4.5.</p> <hr/> <p><u>Verra Response</u></p> <p>This finding is closed.</p>	Closed