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	1141
Project Name	Fresh Breeze Afforestation Project
Review Type	Verification Requested
Program(s)	VCS Program
Verification Period	1st January 2021 to 31st October 2022
Project Proponent	PROTEAK UNO S.A.B. de C.V.
Methodology	AR-ACM0003 – Afforestation and reforestation of lands except wetlands, v01
VVB	AENOR CONFIA S.A.U.
Assessment Criteria	VCS Standard v4.5
Date of First Issue	16 September 2024
Date of Second Issue	31 January 2025
Date of Third Issue	07 April 2025
Review Conclusion	Closed
Date of Final Issue	02 July 2025

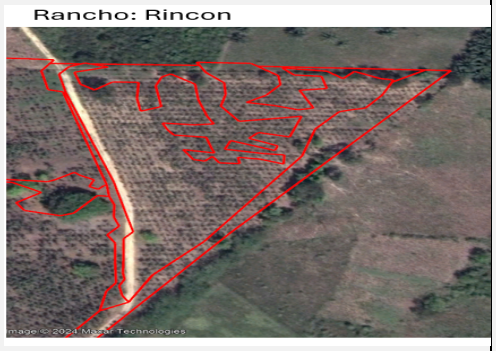
FINDINGS

1	**Clarification and updates needed on the project description (PD) deviations**		
	Issue 1. The other entity listed in section 1.4 of the MR (Pablo I. Domínguez H) differs from the other entity in Section 1.4 of the validated PD (Carbon Solutions de México S.A. de C.V). However, no deviation has been reported in section 3.2.2 of the MR. 2. It is unclear whether the deviation in Section 3.2.2.3 of the MR pertains to the project longevity or crediting period. **Action Required** 1. The VVB must ensure that the PP reports the change in the other entity as PD deviation under Section 3.2.2 of the MR and justify the deviation following the requirements of VCS rules. 2. The VVB must ensure that the project clarifies whether the deviation in Section 3.2.2.3 of the MR pertains to the project longevity or the crediting period. 3. The VVB must provide an assessment of the MR updates in Section 3.3 of the VR. **Program Rule(s)** *VCS Standard v4.5*, Sections 3.21 and 2.2.1 (Principle of accuracy)	**Round 1** VVB Response 1. The PP has updated the MR identifying in a deviation under section 3.2.2, in deviation number 5, Pablo Dominguez as other entity involved in the project. This responds to an internal management decision in the PP adding value to the process of developing the documentation as the experience of the Consultant pablo Dominguez has been confirmed. 2. The PP has clarified that the deviation in section 3.2.2.3 of the MR is related to both, crediting period and project longevity. Refer to section 3.3 e)of the VR for assessment information. Verra Response The change in the other entity has been reported and assessed as a PD deviation. Similarly, a clarification has been provided regarding the PD deviation related to project longevity and the crediting period.	Closed

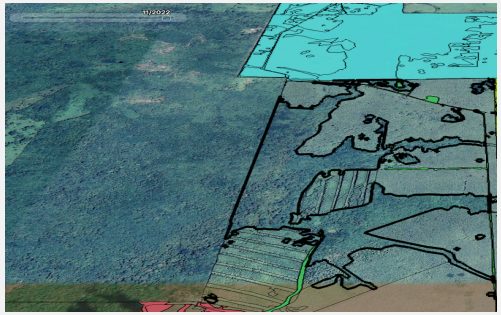
2	Inaccurate KML file		
	Issue 1. The total project area in the submitted KML file (8,157.07 ha) is inconsistent with the area specified in the MR (5,402.69 ha). 2. Per section 1.7 of the MR, the project area includes 30 properties, but the KML file contains 40 properties, indicating a discrepancy. 3. Some portions of the project area in the KML file show invalid geometries and contain non-eligible areas, such as roads and areas with vegetation cover similar to that found in adjacent non-planted reserve areas. 4. Satellite images show a significant reduction in vegetation cover within some project area polygons after the project start date. While this suggests a loss, the PP has not conservatively assumed a loss of all previously verified ERRs associated with those polygons. 5. The size (DBH and height) of trees observed in plantations from the different years appears identical, despite expected differences. 6. The year of plantation for many plots in the KML file does not match the year indicated in the attribute tables of several polygons, suggesting inconsistencies in the data. **Action Required** 1. The VVB must ensure that the KML file accurately depicts the project area. Specifically, a. the project area in the KML must be consistent with the area specified in the MR and the ERR sheet. b. the number of properties in KML must be	**Round 1** VVB Response 5. Tree growth is affected by different factors (biotic, abiotic, climatic, edaphic, etc.), so it is not expected that a species or clones, will have the same development under different conditions. However, in relation to the difference noted in the finding, it can be explained basically by two reasons: 1) site quality: the effect of the different factors (biotic, abiotic, climatic, edaphic, etc.) on growth is understood, especially the edaphic factor (type of soil) and the climatic factor (drought and rainfall distribution). 2) use of clones: initially, Proteak established the plantations, using trees from seed. This is common practice, however, the genetic variability of the trees is not controlled, and the growth is quite uneven. Subsequently, Proteak dedicated itself to the purchase and development of clones, which allow for a reduction in variation in growth rates and phenological characteristics, resulting in more uniform plantations, greater growth and resistance to adverse conditions. Background 1: Although Tacotalpa is made up of 9 properties (9 property deeds) and 5 polygons more or less together (some of which are adjacent), it is considered a single management unit; it should be noted that these properties were used for sugarcane cultivation, and that is why they have different names dating back to that date; Proteak, decided not to change the name of these polygons, and that is why in the KML presented originally for that farm, they have different names. The KML was corrected and the same name (Tacotalpa) is used for the different polygons. Background 2, a): this image, it is a matter of displacement of the Google image with respect to the KML, this is evidenced by the orthophoto of the farm. The PP states that the road areas are not being included as planted areas.	Closed

	consistent with the MR and accurately reflect the project area. c. the project area polygon in the KML file must contain only eligible areas, excluding ineligible areas such as roads and the non-planted areas, as well as all invalid geometries. d. the information in the KML file attribute tables must be accurate and reflect the actual plantation year for each parcel. 2. The VVB must ensure the project justifies the reduction in vegetation cover observed within some project area polygons after the project start date or conservatively assumes a loss of all previously verified ERRs associated with those areas. 3. The VVB must ensure that the PP re-evaluates the growth data for plantations across different years, taking corrective actions as needed or providing clear justifications for any observed inconsistencies. 4. The VVB must ensure the PP updates the ERR calculation spreadsheets and all relevant sections of the project to reflect the changes above. 5. The VVB must assess all the above updates and revise the verification report as needed. **Program Rule(s)** *VCS Standard v4.5,* Sections 3.11.1 and 3.11.2 **Background** 1. Tacotalpa is mentioned as one property name in the MR, however, in the KML Tacotalpa has been divided in 9 more property names.	Background 2, b): The vegetation cover found at the coordinates indicated is a reserve area, which is not considered within the project areas as a planted area. In the new evidence to be incorporated as proof of this response, all areas that are not part of the project, even if they belong to the ranch, are excluded. Background 3: Given that teak is a deciduous species, the date on which the image is taken generally affects the visualization of the plantations. In particular, the years 2019, 2020 and 2021 were very atypical years in terms of temperatures and rainfall, which caused the teaks to remain defoliated for a longer period of time. The image from 2024 is shown, in which the existence of the plantation is evident. Background 4: The 2006 plantation area corresponds to a *Gmelina* area established in 2006, prior to the acquisition of the farm, however, it is not included in the project area. In the new evidence presented, this area does not appear, to avoid misunderstanding. The Diamante farm, in 2009, was not owned by the company; the property was acquired in 2011, with shrub vegetation which was removed for the establishment of the plantation, all of this in compliance with Mexican national regulation. Verra Response This finding cannot be closed. Issue 1. The baseline emissions of zero do not account for the vegetation clearing that occurred in certain project area polygons, such as the Diamante farm. 2. It is unclear how the cleared areas, such as the Diamante farm, correspond to the degraded grassland baseline specified in the validated PD. 3. Given that certain project areas, such as the Diamante farm, were cleared to establish the project plantations within 10 years prior to the project start, it is unclear how the VVB confirmed,	

2. Image from Google Earth show ineligible areas within project area polygon. For example,
   a) Road



   b) Vegetation cover similar to that found in adjacent non-planted reserve areas (on 11/11/2022 around coordinates "N17°50'20.37" & W91°19'14.52).



3. Image from Google Earth show a significant reduction in vegetation cover within some project

and with what evidence, that these areas were not cleared of existing natural non-degraded ecosystems because of the project activity.

4. It is unclear what the different colours of the polygons in the KML file represent.

Action required

1. The VVB must ensure that the baseline emissions are revised to account for the vegetation clearing that occurred in certain project area polygons, such as the Diamante farm.
2. The VVB must ensure that the project clarifies how the cleared areas, such as the Diamante farm, correspond to the degraded grassland baseline specified in the validated PD, or exclude them.
3. The VVB must explain how they confirmed, and with what evidence, that the areas cleared to establish the project plantations within 10 years prior to the project start were not cleared of existing natural non-degraded ecosystems because of the project activity.
4. The VVB must ensure the PP clarifies the what the different colours of the polygons in the KML file represent.

Program Rule(s)

VCS Standard v4.5, Sections 3.19.28 (1), AR-TOOL14, v4.2., Paragraph 11

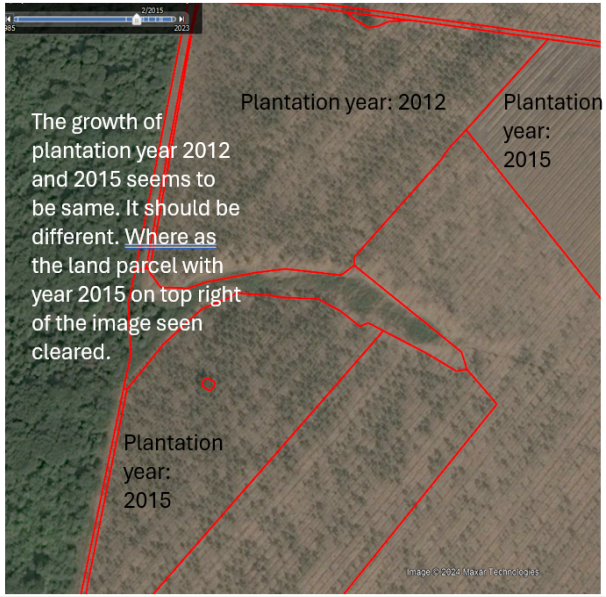
Round 2

VVB Response (Pending)

Action 1. According to the new evidence presented, which is the result of what was validated in the PD (sections 2.2 and 4.1), as well as the PD deviation requested in the MR (3.2), it has been shown that in none of the cases was vegetation clearing, classified as natural forest, due to project activity, such as the Diamante farm. The existing vegetation did not qualify as natural forest.

	area polygons after the project start date.  Plantation year mentioned as 2012, however, image shows no plantation in year 2020. In 2011 the area shows natur vegetation cover. 4. Image from Google Earth show difference in the plantation year and actual plantation	Additionally, to comply with the requirements of Mexican law, Proteak has an internal procedure (even thought is recent) in which, for each property acquired and developed as part of the project, the following procedure is followed: Measurement of total and effective area of the ranches 4.1.1 The Planning and Audit Manager receives information from the ranches under negotiation to determine the total area and the effective plantation area. 4.1.2 The Planning and Audit Manager coordinates the measurement. 4.1.3 The cartography assistant conducts a tour of the entire border, on foot or by ATV using a GPS system, to determine the total area of the lot according to the deeds. This is done to verify that it matches the area of the deeds. The effective planting area is also determined. To determine this area, areas that will not allow for planting are discarded, for example: mountainous areas, forested areas, streams, etc. 4.1.4 The cartography assistant downloads the GPS information and registers it in the ArcGIS system (Appendix 1) and determines both the total and effective planting areas. Measuring the total and effective areas of the ranches using drones 4.1.5 The planning assistant creates the measurement program with the ranch perimeter and schedules the drone flight. 4.1.6 The data processing software will depend on the drone used to measure the ranch perimeter, for example, Ground Station Pro or Dronelink. 4.1.7 The planning assistant programs the flights using the ranch perimeter, configuring 65% and 75% overlap coverage, respectively, and a flight height of 300 meters. 4.1.8 The planning assistant then proceeds to the field to begin the flight and measure the ranches using the drone configuration provided. 4.1.9 The planning assistant begins the flight, taking photographs of the perimeter to store them in the drone's memory. 4.1.10 After completing the drone flight and taking photographs of the ranch perimeter, the planning assistant retrieves the memory and, with the help of Agisoft Metashape, proceeds to create the orthophotographs.	

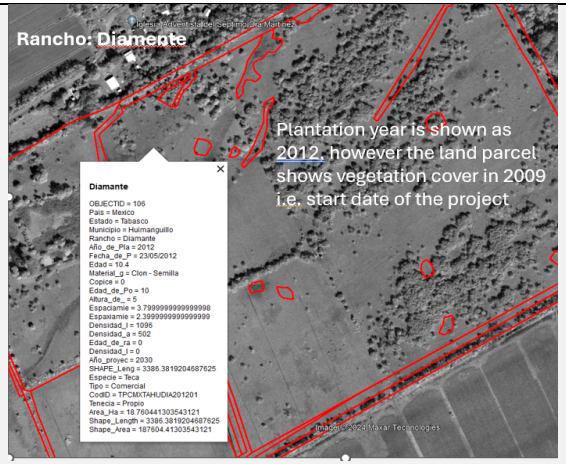
Rancho: Laguna



4.1.11 Once the orthophotographs are obtained, they are entered into the geographic information system and interpreted (the distribution of ranch areas – effective planning area).
4.1.12 The Inventory and Audit Planning Manager reviews that the ranch distributions and effective planning areas have been correctly measured and accounted for.

Finally, as a summary of the results of the assessment of the previous uses of the farms included in the project, using the best available information and having conducted this exercise for at least 10 years prior to the start of the project activity for each farm, the document MR2022-Additionality-Previous Land Use Assessment.xlsx was generated, which summarizes:
- Municipality Information
- Ranch Name
- Area determined as Project Area, after the land use analysis, classifying which parts meet the additionality requirements and which do not
- Land use assessment for each farm, using any of the following information: Previous Use INEGI 1997 and/or Orthophoto 1996 and/or Orthophoto 2000 and/or Orthophoto 2001 and/or Orthophoto 2005.
This document is located in: ANNEX II. Project Activity Instances.

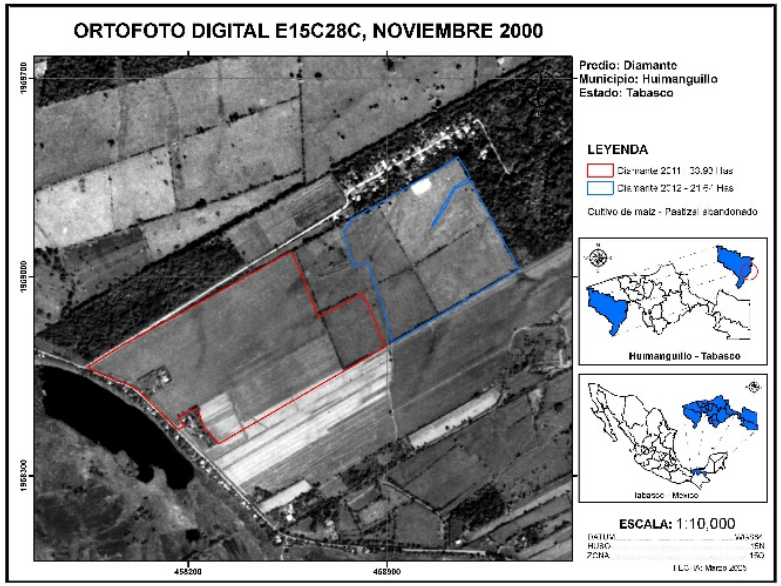
Action 2. According to what the validated PD states:
-Stage 1 of the tool requires the PP to screen the lands of the project to determine whether the area has been classified as "degraded" under any verifiable local, regional, national or international land classification system or credible study produced within the last ten years.
In this case is used the report of SEMARNAT (Ministry of Environment and Natural Resources) report is used; it demonstrates the soil degradation of the country. The maps 3-2 (page 118), 3-3 (page 119) and 3-4 (122), show that the regions of the project activity falls in the category of degraded and the cause of the degradation is overgrazing.

		Sources validated at PD: - http://geoportal.conabio.gob.mx/descargas/mapas/imagen/96/degra250kgw https://gisviewer.semarnat.gob.mx/aplicaciones/Atlas2015/bos_vegAct.html For all properties, the validated reference in the PD was used to demonstrate land degradation. In this regard, new evidence is presented, consisting of a map of land degradation in Mexico, superimposing the polygons of the properties included in the project. Action 3. According to the PD deviation requested in this MR (section 3.2.2.4), the best available information was used to determine the previous land use, at least 10 years before the start of activities for each farm: - Geographic information on land use and vegetation - INEGI - Mexico - 1997, and - Orthophotograph Mexico - INEGI - since 2000. According to this assessment, it was established that in neither case were existing natural non-degraded ecosystems eliminated due to the project activity. New evidence: - New version of the MR - Map for each property, using land use and vegetation information - INEGI - Mexico - 1997 - Map for each property included in the Project, using information from Orthophotograph Mexico - INEGI -, various years. Finally, as a summary of the results of the assessment of the previous uses of the farms included in the project, using the best available information and having conducted this exercise for at least 10 years prior to the start of the project activity for each farm, the document MR2022-	

		Additionality-Previous Land Use Assessment.xlsx was generated, which summarizes: - Municipality Information - Ranch Name - Area determined as Project Area, after the land use analysis, classifying which parts meet the additionality requirements and which do not - Land use assessment for each farm, using any of the following information: Previous Use INEGI 1997 and/or Orthophoto 1996 and/or Orthophoto 2000 and/or Orthophoto 2001 and/or Orthophoto 2005. This document is located in: ANNEX II. Project Activity Instances. Action 4. The different colours of the polygons in the KML file were used to provide more understanding for the evaluator, like Verra; the different colours in the KML files are intended to differentiate the planting years within the same ranch. Moreover, to provide uniformity, the following was decided: 2009 Plantations = Yellow 2010 Plantations = Blue 2011 Plantations = Red 2012 Plantations = Green 2013 Plantations = Pink 2014 Plantations = Orange 2015 Plantations = Light Blue 2016 Plantations = White	
		<u>Verra Response</u> An explanation has been provided. However, this finding cannot be closed. <u>Issue</u> 1. It remains unclear why the baseline emissions do not account for the vegetation clearing that occurred in the project area polygons, such as the Diamante farm. 2. It remains unclear how the cleared areas, such as the Diamante farm, correspond to the degraded grassland baseline specified in	

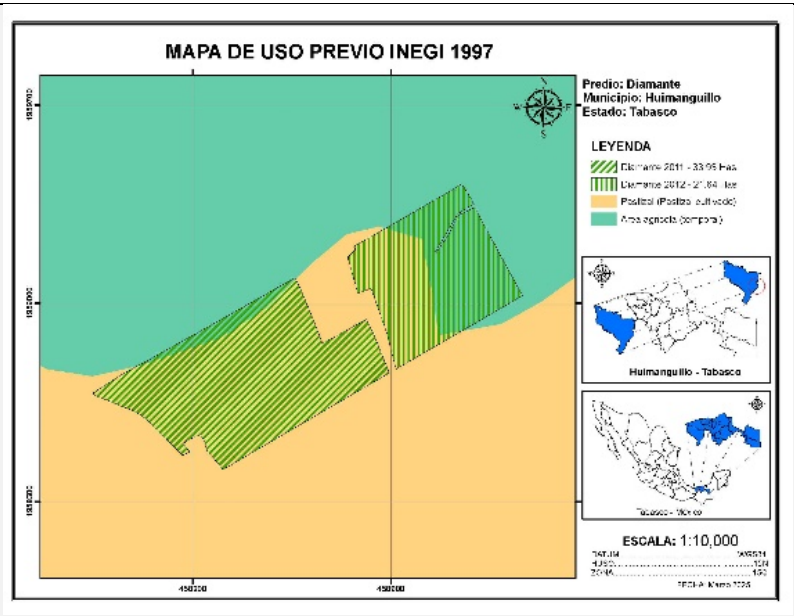
		the validated PD. Action required. 1. The VVB must ensure that the baseline emissions are revised to account for the vegetation clearing that occurred in certain project area polygons, such as the Diamante farm. 2. The VVB must ensure that the project clarifies how the cleared areas, such as the Diamante farm, correspond to the degraded grassland baseline specified in the validated PD, or exclude them.	
		Round 3 VVB Response: **Response to action required 1**: According to the PD validated, Section 3.2.3: "For Shrubs consideration, the tool: Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities, is applied. The PPs determined data of shrub crown cover by means of photo and management plans and demonstrated that data is less than 5 per cent in areas under the project boundary, then, the shrub biomass per hectare is considered negligible and hence accounts as zero. As complement the photo of each plantation demonstrate that the shrub is not predominant before the project implementation, therefore the carbon stock of shrub in the baseline is neglected." Due to the above, in the current MR, a deviation was requested to be able to use better information than mere ocular field observation; In this regard, the following was presented: Land use assessment for each farm, using any of the following information: Previous Use INEGI 1997 and/or Orthophoto 1996 and/or Orthophoto 2000 and/or Orthophoto 2001 and/or Orthophoto 2005. As documented (previous land use, at least 10 years prior), almost all areas were grasslands (in some cases, abandoned), and in some portions, were agricultural crops (See Evidence Summary of Historical Land Use.xlsx); the evidence presented (- Map for each property, using	

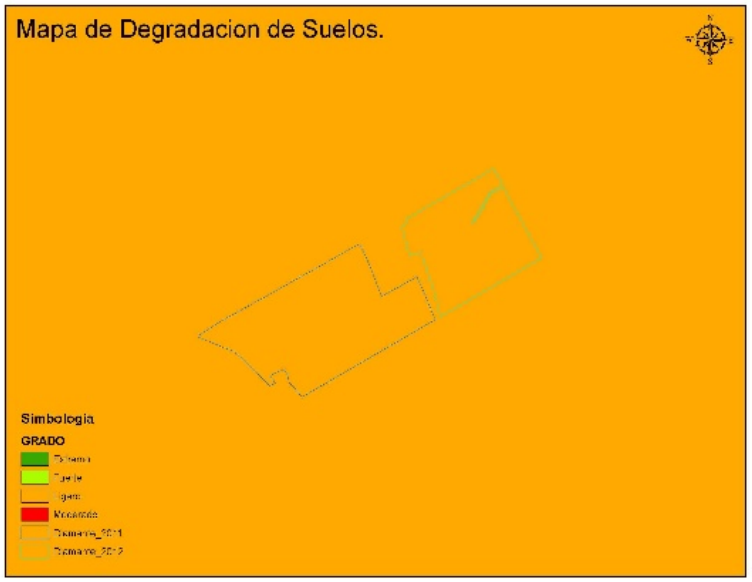
		land use and vegetation information - INEGI - Mexico - 1997 and Map for each property included in the Project, using information from Orthophotograph Mexico - INEGI -, various years), is conclusive regarding the fact that the existing vegetation in a grassland is secondary, was not predominant before the project implementation, and that, by common practice, this vegetation was removed as a normal basis. According to the validated PD "As mentioned before Proteak UNO S.A.B. DE C.V. through a document named "Simplified Forest Plantation Management Program" show the process of land preparation and demonstrates that no biomass is burned during site preparation, so there will be no GHG emissions from biomass burning". The Forestry Program of each plantation demonstrates that the lands were used for livestock activities and that the shrubs appear before the plantation activities as a spontaneous generation or can be founded in isolated places; all evidence were delivered to the verification team. With respect to the specific case of Diamante farm, the evidence demonstrates that the previous existing vegetation was minimum and considered as neglected (See attached image; image that is available for all farms and that is evidence of the previous use of the land, at least 10 years before before the project activities started at every Project area/farm).	



The first teak plantation on this farm was established in 2011; the assessment of the previous land use and existing vegetation is since 2000, less than 11 years, but more than 10. Given this, the evidence is in compliance with the eligibility criteria.

In addition, with the new information presented for every farm, the previous land use in 1997 (at least 14 year before the start of project activities) was conclusive as pasture, with some small areas used for agricultural production; with this evidence, the instance, complies with the eligibility criteria.

		 The last assessment regarding previous land use and baseline emissions, is related to degradation of land; According to the national information of Mexico, the Project area in this instance, was categorized as degraded.	



All the previous evidence (3 different assessments) was generated with the best specific information for the project; national and official to Mexico. It demonstrates that no vegetation clearing occurred within project area polygons.

Response to action required 2:

The "Tool for the identification of degraded or degrading lands for consideration in implementing A/R CDM project activities" Version 1 has been applied to demonstrate that the lands are degraded or degrading. Stage 1 of the tool requires the PP to screen the lands of the project to determine whether the area has been classified as "degraded" under any verifiable local, regional, national or international land classification system or credible study produced within the last ten years.
In accordance with the validated PD, the report of SEMARNAT (National Environmental Agency) was used to demonstrates the soil degradation of the country. The maps of this study, show that the regions of the project

		activity fall in the category of degraded and the causes of the degradation is overgrazing. On the part of the PP, it was presented in the responses of the second round of Verra's findings; Evidence of how it has been determined that all properties (instances) included in the project qualify as degraded land. Furthermore, the response adds, "For all properties, the validated reference in the PD was used to demonstrate land degradation. In this regard, new evidence is presented, consisting of a map of land degradation in Mexico, superimposing the polygons of the properties included in the project." The information used was: Soil Degradation in the Mexican Republic - Scale 1:250,000; Author: SEMARNAT, Directorate of Geomatics, (2004) Public access to this information is available at: http://www.conabio.gob.mx/informacion/metadata/gis/degra250kgw.xml?_httpcache=yes&_xsl=/db/metadata/xsl/fgdc_html.xsl_indent=no This information (shapes and geographic information) was extracted from the map "Soil Degradation Caused by Humans, Scale 1:250,000," generated by the General Directorate of Forestry and Soils and the Postgraduate College during the period 2001-2002. It shows the location of erosion types such as: wind erosion, moisture deficiency, and water erosion caused by flooding, sedimentation, runoff, among others. Chemical degradation occurs due to salinization, pollution, eutrification, and nutrient loss. As well as physical degradation characterized by soil structure compaction, crusting, and sealing; subsidence, decreased water availability, and loss of productive function; the results of the assessment of this information are available in ANNEX II. Project Activity Instances. For both actions required in this CAR, information and explanations were added in a new version of the monitoring report.	
		<u>Verra Response</u> A clarification has been provided.	

<table>
<tr><td>3</td><td colspan="3">Missing information on SD contributions</td></tr>
<tr><td></td><td><u>Issue</u>
1. The PP has not listed the relevant SDG targets and indicators in the MR.
2. The MR does not include evidence for each claimed contribution.

<u>Action Required</u>
1. The VVB must ensure that Section 1.11 of the MR is revised to include the following details:
a. the relevant SDG targets and indicators.
b. comprehensive evidence for each claimed contribution.
2. The VVB must assess the revised MR and update section 4.1 of the VR accordingly.

<u>Program Rule(s)</u>
VCS Standard, v4.5, Section 2.17, VCS Monitoring Report Template, v4.2, Section 1.11</td><td>Round 1
<u>VVB Response</u>
1. The original MR lists the identified relevant SDG targets and indicators in section 1.11 table 3. This has been reviewed by the VVB and even a finding was raised in relation to information related to the SDGs contributions during the audit process as can be seen in appendix 2 CAR02, CL02 and indirectly in CL01.
2. During the audit, evidence to support these claims was requested to the PP and assessed. As mentioned in the previous issue, findings regarding the request for more information were raised and closed when the requirement was deemed complied with.

<u>Verra Response</u>
This finding cannot be closed.
<u>Issue:</u>
1. Broad goals, rather than specific, measurable indicators, have been listed in Table 3 of the monitoring report.
2. Under section 4.1 of the verification report, the VVB has not explained how they confirmed the claimed contributions through interviews and visual observations.

<u>Action required.</u>
1. The VVB must ensure that specific, measurable indicators are presented in Table 3 of the monitoring report.
2. The VVB must explain how they confirmed the claimed contributions through interviews and visual observations.

Round 2</td><td>Closed</td></tr>
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		VVB response: Action 1. Specific (highlighted on green color) and measurable (highlighted on cyan color) indicators were included in the previous version of the MR. Likewise, in the responses to the rounds with the auditor, the following evidence was provided, supporting what was described in section 1.11. Table 3 of the MR lists 5 SDGs, which are the following: 1. Project-specific indicator: The project provides new opportunities for formal employment in the region, contributing to an improved quality of life for the population. Measurable verifier: A total of 160 jobs (150 men and 10 women) are reported for the evaluated period (2021-2022), and an average of 150 jobs (147 men and 3 women) are reported for the project lifetime. How can this be measured? Use the same method as in the spreadsheets presented during the audit visit, and for more historical information. 2. Project-Specific Indicator: Since 2020, PROTEAK seeks to implement initiatives that improve employment opportunities for youth in the areas in which PROTEAK operates. Measurable Verifier: Benefits are reported in the form of donations for school (road repair), 4 students benefited from the internship program, and 3 training visits with local universities. Similarly, for the project's lifetime, contributions are reported for the repair and improvement of school infrastructure and 39 students benefited from the internship program. 3. Project-Specific Indicator: Proteak has promoted gender equality by empowering women in the communities and creating job opportunities for them. Measurable verifier: It is reported that during the monitoring period reported, you have provided employment to 117 women, which represents 17% of your staff, of which 88 are part of the forestry staff, as evidenced in the Headcount of forestry staff, and as an achievement achieved in the project lifetime, it has been	

		measured that the average of women working for PROTEAK is 10 monthly. 4. Project-specific indicator: The project is concerned with the sustainable development of its activities and its contribution to climate change mitigation. Measurable verifier: For the current evaluation period, net GHG removals corresponding to 56,473 tCO2-e is reported; for the project lifetime, a cumulative reduction of 1,215,246 tCO2-e has been measurably reported, which has been sequestered by the project. 5. Project-specific indicator: The project fully contributes to this objective by reforesting degraded lands and promoting private investment for the production of sustainable timber forest products, certified using international standards to comply with and demonstrate this claim. Measurable verifier: For the evaluation period, it is reported that PROTEAK is FSC-certified, and that, in addition, sales of certified products have already been made. For the project lifetime, it is measurably reported that this certification has been obtained for two certification periods. See evidence: 1.4 Compensaciones y Beneficios - reporte PROTEAK.pdf. Action 2: Apart from the review of any hard evidence such as contracts, official statements other evidence, the VVB used the site visit and the interviews performed whilst in the country, some of the stated benefits from the implementation of the project could be further confirmed with interviews with stakeholders sich as employees, either direct employees or local companies providing specific services in which they confirmed the stated benefits reported in the MR. Of course, no specific global numbers were remembered	

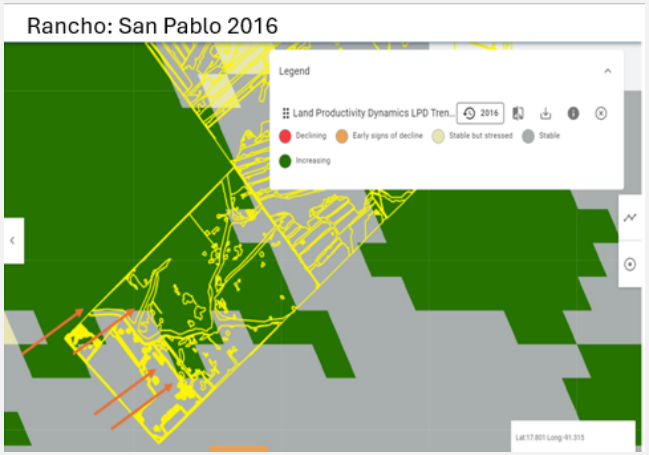
		by the interviewees nor that they could because they might not be able to remember the entirety of the project, the audit team inquired about what they saw and heard around such as if they new of any women working, any opportunities to young adults for work, if they were following the stated management plan with indirect questions to the stakeholders, etc. All this the audit team was able to confirm that the stakeholders could not recall any information that were not in line in any way with the information stated in the project documentation. Verra Response An explanation has been provided regarding the missing information on SD contributions.	

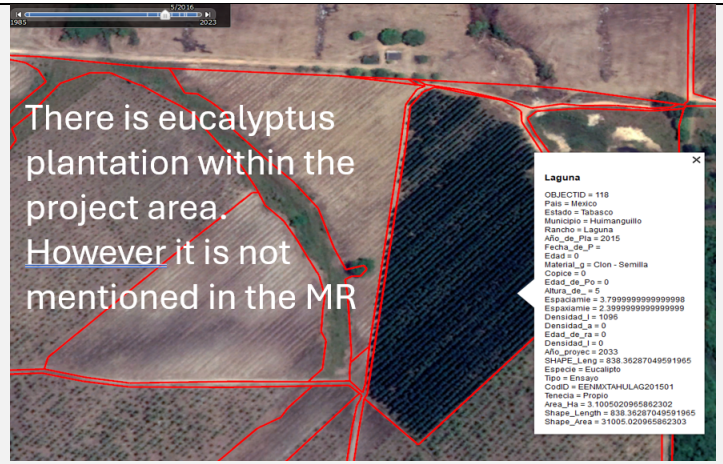
4	**Incomplete project implementation details**		
	Issue 1. Section 3.1 only provides a brief outline of project activities. Key activities like thinning and harvesting, crucial for GHG estimations, are not adequately described. 2. Moreover, satellite imagery shows land clearing and biomass loss that are not addressed in the documentation (see Finding #2, Issue 4). **Action Required** 3. The VVB must ensure that Section 3.1 of the MR is revised to include the following details: a. a comprehensive description of key project activities, including thinning and harvesting. The description must detail their impact on GHG estimates.	**Round 1** VVB Response 1. The PP has updated the MR Section *3.2.2.2 Thinning* and now details the plots that were thinned, as well as explains that the removal of biomass due to this activity has been reflected in the volume of biomass measured per plot. 2. This issue was identified by the VVB and, yes, vegetation was removed, however, this was in 2011, during the preparation of the farm; said vegetation was classified as high acahual (abandoned pastures with some shrub vegetation) (77.24 hectares) and as low acahual (55.39 hectares), as evidenced in the area distribution map prepared from the INEGI 2005 orthophotography, presented in the management program with log 27/BL-0045/03/11, dated March 9, 2011; approved by SEMARNAT, with official document number	Closed

	b. explanations for land clearing observed in satellite imagery. This should cover the reasons for the clearing, the associated activities, and any resulting biomass loss. 4. The VVB must conduct a thorough review of the revised documentation to confirm that all issues have been addressed and update section 4.1 of the VR accordingly. **Program Rule(s)** *VCS Monitoring Report Template, v4.2,* Section 3.1	SEMARNAT/SGPARN/147/0675/2011 dated March 10, 2011. Reviewed by the audit team. Therefore, the PP declares that at no time has natural forest vegetation been removed in the establishment of its farms, that it is part of the determination of the eligibility of the farms, before being included in the project, and that all established plantations have the government's endorsement to do so, and that they have supervised the properties to evaluate compliance with the law, which does not allow the removal of forest vegetation. This information has been confirmed by the VVB and the VVB considers that it complies with eligibility criteria as set in the VCS standard. Please refer to the provided evidence. Verra Response This finding is pending of Finding #2. **Round 2** VVB Response: Additionally, the PP in section 3.2.2 has required a PD deviation, which includes the use of better information available in the host country Mexico, which allows determining both the previous use of the land, at least 10 years before the start of the activities, as well as the soil degradation, by superimposing the polygons of the farms, on the available cartographic information. Finally, as a summary of the results of the assessment of the previous uses of the farms included in the project, using the best available information and having conducted this exercise for at least 10 years prior to the start of the project activity for each farm, the document MR2022-Additionality-Previous Land Use Assessment.xlsx was generated, which summarizes: - Municipality Information - Ranch Name - Area determined as Project Area, after the land use analysis, classifying which parts meet the additionality requirements and	

		which do not - Land use assessment for each farm, using any of the following information: Previous Use INEGI 1997 and/or Orthophoto 1996 and/or Orthophoto 2000 and/or Orthophoto 2001 and/or Orthophoto 2005. This document is located in: ANNEX II. Project Activity Instances. Verra Response This finding is pending of Finding #2. **Round 3** VVB Response This finding is now closed	

5	**Inadequate demonstration of the baseline and additionality of the new PAIs**		
	Issue Under Section 3.3 of the MR, the baseline and additionality assessments of the new PAIs are inadequate (see background). **Action Required** 1. The VVB must ensure that Section 3.3 of the MR demonstrates the project eligibility of the new PAIs in line with the validated PD. The revisions must include the following: a. a detailed demonstration of how the baseline conditions for San Pablo 2016 aligns with the degraded grassland baseline specified in the validated PD. b. A detailed assessment of additionality is required for the La Laguna 2015 strata, considering that it has been planted with Eucalyptus and shows the presence of other	**Round 1** VVB Response This has been noted, however, during the audit process it was clear that the PAIs to be included in the calculations during this verification event, were already checked against the eligibility criteria during the validation of the project, in this verification event only the calculations were included. 1. a.The 2016 San Pablo plantation is the result of the renewal of area planted in 2010 given that had very poor development because they had been flooded for several years continuously, so it was decided to replace the small part that was planted with seeds and replace it with clonal plantations; however, this area, was already an eligible area, since, at its establishment, said area corresponded to a pasture. Evidence in the INEGI 2005 digital orthophotograph integrated in the planting notice submitted with log 27/BL-0078/11/10 dated	Closed

	species in addition to Teak. 2. The VVB must assess the revised MR to ensure it accurately justifies the baseline and additionality conditions in line with the validated PD and update section 3.4 of the VR accordingly. **Program Rule(s)** *VCS Standard, v4.5,* Sections 3.6.10 – 3.6.15, *VCS Monitoring Report Template, v4.2,* Section 3.1 **Program Rule(s)** **Baseline:** The project document (PD) specifies a degraded grassland baseline, but San Pablo 2016 shows stable grassland with no signs of degradation.  **Additionality:** The additionality is based on a common practice analysis showing the project's uniqueness of the project scale and species planted (i.e., Teak). However, La Laguna 2015 shows planted eucalyptus trees in satellite imagery, which may contradict the additionality assessment.	November 23, 2010 Finding Folder 5.1.a 1. b. The 2015 Laguna plantation is also the result of the renewal of areas planted in 2012 that had very poor development due to poor drainage, so it was decided to eliminate the trees that was in that small area, which was also a seed plantation, and replace it with a clonal plantation. This portion was an eligible area, since the establishment of the 2012 plantation, and it had a previous land use that corresponded to a pasture, as evidenced in the Google image integrated in the planting notice submitted with log 27/BL-0068/06/ 12 dated June 19, 2012. Evidence: Finding Folder 5.1.b The PP has included clarifications in the MR in order to provide precise information. Also, the PP has a system in place under which at the time of establishing the plantations, field surveys were used, and supported by the available tools (Google Earth images and/or INEGI orthophotographs) in order to determine the effective areas to be planted in each of the projects; currently, the determination of the effective areas to be planted uses digital orthophotographs made from drone flights, with a resolution of at least 15 cm/pixel, which represents a fairly precise tool. If there is any doubt regarding the information observed in the orthophotographs, field visits are made for confirmation. This process was possible to be confirmed during the site visit through interviews with personnel that remembered doing this as well as the process followed for new instances during the validation. Verra Response This finding cannot be closed.	



Additionally, there is a patch where the attributes indicate that Teak has been planted. However, the plantation pattern in this specific area appears significantly different. Based on its spatial characteristics, the patch seems to contain a different species, potentially palm, suggesting a discrepancy between the documented species and the observed pattern.

Issue

It is unclear how the emissions associated with the elimination or replacement of trees from the 2015 Laguna and 2016 San Pablo plantations have been included in the ERR calculations.

Action required

1. The VVB must ensure that the project clarifies how the emissions associated with the elimination or replacement of trees from the 2015 Laguna and 2016 San Pablo plantations have been included in the ERR calculations. This clarification should be clearly reflected in the ERR calculation spreadsheet.
2. The VVB must assess the revised MR and ERR calculation spreadsheet and update the VR as necessary.

Round 2

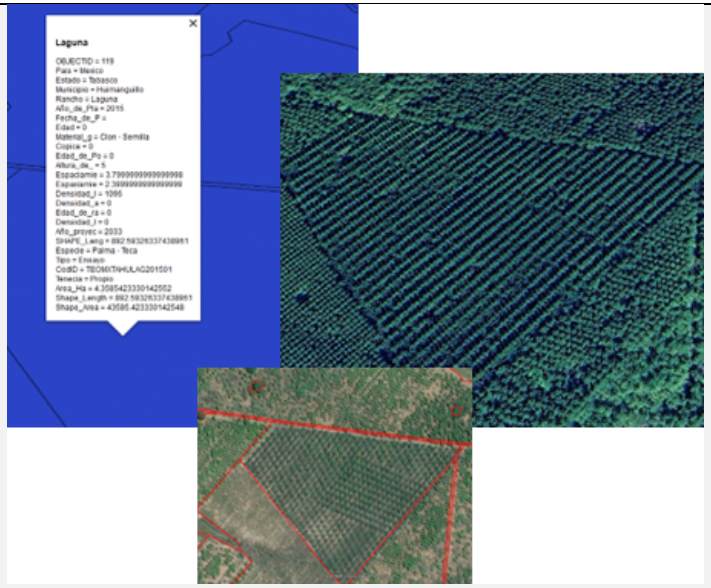
VVB Response:

Action 1. The PP, in the new version of the MR (section 5.2), explains how the two new substrates included in this report were generated (La Laguna 2015 and San Pablo 2016); it also explains how the emissions generated by the elimination of portions of the plantations in 2012 (La Laguna) and 2010 (San Pablo), respectively, led to the elimination of the existing biomass, and how the emissions caused by this adaptive action are discounted, corresponding to a total of 10,159.04 tons CO2 -e.

New evidence presented:

- New version of the ERR spreadsheet: PT-FB-MR2022 measurement and calculation v4.xlsx
- New version of the MR: PT-FB-Monitoring Report 2022 v5.docx

Action 2: The VVB has reviewed and assesed the updated project documentation in relation to the ERR calculations and updated the VR where necessary. Please see section 4.4 of the VerReport v4.0.



Verra Response

An explanation has been provided. However, this finding cannot be closed.

Issue:

1. The change in species from Teak, as reported in the validated PD, to Eucalyptus has not been reported or assessed as PD deviation.
2. It is unclear where the deductions associated with the elimination or replacement of trees from the 2015 Laguna and 2016 San Pablo plantations have been included in the ERR calculation spreadsheet

Action Required

1. The VVB must ensure that the change in species from Teak, as reported in the validated PD, to Eucalyptus is reported as a PD Deviation. The Deviation must be assessed as such, including its impacts on the applicability of the methodology, additionality, and the appropriateness of the baseline scenario.
2. The VVB must ensure the project clarifies where the deductions associated with the elimination or replacement of trees from the 2015 Laguna and 2016 San Pablo plantations have been included in the ERR calculation spreadsheet.

Round 3

VVB response.

Response to Action Required 1:

It is not understood why Verra's reviewer insists on evaluating a "change in species from Teak, as reported in the validated PD, to Eucalyptus is reported as a PD Deviation. The Deviation must be

		assessed as such, including its impacts on the applicability of the methodology, additionality, and the appropriateness of the baseline scenario." It is made clear that no area occupied by Eucalyptus or any other crop is included in the Project; the evidence presented regarding the project area on each participating farm must be carefully reviewed; as will be evident, any cover other than teak plantations is excluded from the project. Therefore, there is no intention to include any other species in the project, and for that simple reason, the request for a deviation allowing this does not apply. **Response to Action Required 2**: The deductions associated with the elimination or replacement of trees from the 2015 Laguna and 2016 San Pablo plantations were included in the ERR calculation spreadsheet. The total discounted emissions are shown in the document "PT-FB-MR2022 Measurement and Calculation v4.xlsx," specifically in the GHG Removals sheet, cell B5. This evidence was already presented as a response in the previous round of findings. Additionally, and also available from the previous version of the monitoring report, in section 5.2 Project Emissions, it is clearly explained and determined how the discounted emissions in the current report were obtained. Therefore, and given that this evidence was available from the previous round of findings, the PP does not understand the nature of the comments, unless the correct evidence was not appropriately reviewed.	
		Verra Response A clarification has been provided.	

6	Incomplete and inconsistent ERR data and calculations		
	Issue 1. The SOC value is mentioned in the MR but is not included in the ERR Excel sheet. 2. The ERR sheet, MR, and VR do not include the LTA estimates. It is unclear whether the project exceeds LTA. 3. The root-to-shoot (RS) ratio source differs between sections 5.2.1 and 4.1 of the MR, and a third source is cited in the ERR sheet. Additionally, the value used is not found in the IPCC GPG 2003 report for the project area. 4. Per the MR and ERR spreadsheet, wood density (WD) is estimated using AR TOOL 14; however, the tool does not provide a formula for estimating WD. 5. Per Section 2.1 of the MR, the project uses fertilizer, but this is not accounted for in the project emissions in Section 5.2 of the MR. **Action Required** 1. The VVB must ensure that the ERR excel sheet is updated to include the SOC estimations. 2. The VVB must ensure that the PP includes the LTA estimates in the ERR sheet, MR and VR. The project's emissions must not exceed the LTA. 3. The VVB must ensure that the source used for RS ratio is consistent across all documents. Additionally, the value used must be correct per the referenced document. 4. The PP must ensure that the PP includes the exact formula and source used for estimating WD in all the documents. 5. The VVB must ensure that the PP incorporates the fertilizer usage in the PE as confirmed in Section 2.1.	**Round 1** VVB Response 1. The SOC had not been included in the calculations or estimations; this error was corrected. The evidence presented is the Excel document containing all the calculations, in its new version (PT-FB-MR2022 measurement and calculation v3.xlsx), where the "Soil Organic Carbon" sheet can be reviewed, which includes the estimation of these removals, according to the validated methodology and also explained in the MR. 2. The evidence (Proteak-LTA spreadsheet updated 2022.xlsx) was presented and reviewed from the beginning of the audit; in that document, an estimation of the LTA was made, according to the progress of the Project, being able to verify that it has not been exceeded. The mistake here seems to rely on the fact that the LTA calculation was developed in a different spreadsheet. This evidence was required by the VVB during the audit as seen in CL02 and provided by the PP. Analyzing this evidence, referenced in the VR as evidence 52, the audit team confirmed that the project´s emissions do not exceed the LTA. This document is shared along with the responses to this report. 3. The value of Rj is calculated as Rj = exp[-1.085+0.9256*ln(A)]/A, where A is above-ground biomass (t d.m. ha-1); this equation is obtained from the IPCC GPG-LULUCF 2003, and was used by Proteak, as the best available information, to obtain a specific Rj for Proteak plantations, based on its own information coming from its plantations [Source: Table 4.A.4 of IPCC GPG-LULUCF 2003]. In the validation ERR, the way in which this value (Rj=0.309451303082169) was obtained is available; please refer to the validation document P116_VAL_372 validated	Closed

	If the PP excludes it, they must provide a clear justification for not including it as PE. 6. The VVB must provide an assessment of the MR updates in Section 3.3 of the VR. **Program Rule(s)** *VCS Standard, v4.5*, Sections 3.15.1, 3.2.28, 3.2.30, *AR-ACM0003 – Afforestation and reforestation of lands except wetlands, v01*, *VCS AFOLU Guidance: Example for Calculating the Long-Term Average Carbon Stock for ARR Projects with Harvesting*, *Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities" v4.2,* **Background:** The LTA calculation was updated in the file "Proteak-LTA updated 2022. However, this file has not been provided.	document.xlsx, sheet "Root-shoot ratio". To avoid confusion, in the new version of the MR (Tables 11 and 12), the origin of this value was briefly described, as well as the reference of the source used (IPCC GPG-LULUCF 2003) to obtain it. The VBB has made sure that the value is corrected and used as the referenced source dictates. 4. The WD reference in Table 11 has been corrected by the PP; additionally, the "Wood Density" sheet was added to the ERR calculations, so that it can be verified in each audit event, and it does not have to be searched for in the validation ERR. 5. In table 4, section 2.1, is the only part of the MR where this mention is made of fertilizers; what is really meant here is that the final disposal of the agrochemicals used in the operation is done responsibly and in accordance with the law. Fertilizers are used occasionally, especially when the soils are very degraded, and in the first two years of establishing the plantations, it is necessary to apply this agrochemical, so that the planted trees can grow. In this MR there is no two-year plantation, so no report is made on it. As a correction, that word was removed, which was erroneous in table 4. This justification is deemed correct by the VVB. All project description deviations made during this Verification event have been included in the relevant section of the VR 3.3 Verra Response 1. It is unclear whether, and if so, why the f_{LU} value of 1 for permanent grassland has been applied to the cleared areas, such as the Diamante farm. 2. It is unclear whether, and if so, why the f_{MG} value of 0.70 for severely degraded grassland has been applied to the	

		cleared areas, such as the Diamante farm. 3. It is unclear whether, and if so, why the f_{IN}, value of 1 for all grassland without input of fertilizers has been applied to the cleared areas, such as the Diamante farm. 4. Verra cannot efficiently review the LTA calculations without the updated *Proteak-LTA spreadsheet (2022.xlsx).* 5. It is unclear how the VVB determined that the wood density value of 0.485 t.d.m/m^3 is appropriate for the project's selected species. 6. It remains unclear whether fertilizer is applied and, if so, why it is not accounted for in the project emissions. <u>Action required.</u> 1. The VVB must ensure the project clarifies the f_{LU}, f_{MG} and f_{IN}, values that have been applied in the the cleared areas, such as the Diamante farm. 2. The VVB must submit the spreadsheet labelled *Proteak-LTA spreadsheet (2022.xlsx)* to Verra to facilitate an efficient review of the LTA calculations. 3. The VVB must provide an explanation for how the wood density value of 0.485 t.d.m/m^3 was determined to be appropriate for the project's selected species. 4. The VVB must ensure the project clarifies whether fertilizer is applied and, if so, why it is not accounted for in the project emissions. **Round 2** VVB Response Action 1. Through the new and conclusive evidence that was presented (finding 2), regarding the lack of cleared areas, such as the Diamante farm, the SOC calculation factors were duly applied	

		to the entire project area (fLU, fMG, fIN). Action 2. The evidence that has always been available in ANNEX VI is attached again: GHG Estimates/Proteak-LTA updated 2022.xlsx. Also available in that folder is the document Proteak-LTA.xlsx, which contains the calculations approved during validation. Action 3. According to the validated documents, the spreadsheet that specifies all the parameters and assumptions includes a worksheet called "Wood Density," which establishes a value of 0.485 t.d.m/m^3 using the formula from the Methodological Tool: "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R project activities." The PP has included this worksheet within the ERR calculations document to ensure traceability of the value used, going back to the first version of said ERR calculations. Action 4. The PP states that no fertilizers are used on the plantations during the period evaluated; none of the plantations included in the 2022 MR are 1 or 2 years old, which is when fertilizers can be used, as required for tree establishment. Given the above, discounts such as Project emissions are not reported.	
		<u>Verra Response</u> This finding cannot be closed. <u>Issue</u> 1. The following remains unclear. a. Whether, and if so, why the f_{LU} value of 1 for permanent grassland has been applied to the cleared areas, such as the Diamante farm. b. Whether, and if so, why the f_{MG} value of 0.70 for severely degraded grassland has been applied to the cleared areas, such as the Diamante farm. c. Whether, and if so, why the f_{IN}, value of 1 for all	

		grassland without input of fertilizers has been applied to the cleared areas, such as the Diamante farm. 2. It remains unclear whether the fertilizer applied to the plantations, when the trees were still 1 or 2 years old, has already been accounted for <u>Action required</u> 1. The VVB must ensure the project clarifies the $f_{LU,}$ f_{MG} and f_{IN}, values that have been applied in the the cleared areas, such as the Diamante farm. 2. The VVB must ensure that the project clarifies whether the fertilizer applied to the plantations, when the trees were still 1 or 2 years old, has already been accounted for **Round 3** VVB response: **Response to action required 1:** At the Diamante farm, no cleared area was included in the Project; this has already been duly demonstrated. Therefore, the fLU value of 1 for permanent grassland, fMG value of 0.70, and fIN value of 1, are applicable. **Response to action required 2:** As mentioned in this report, no fertilizer application was made during the current monitoring period evaluated; with respect to the previous monitoring periods evaluated, which have already been audited, there was no report of fertilizer application. The option to apply fertilizer remains in effect in cases where Proteak's plantation management warrants its use. If so (fertilizer use), the PP will deduct the corresponding emissions. <u>Verra Response</u>	

		A clarification has been provided	

7	**Incomplete monitoring plan**		
	Issue: Section 4.4 of the MR provides inadequate details of the stratification and sampling strategies undertaken for the ex-post monitoring (see background). **Action(s) Required:** 1. The VVB must ensure that PP revises sections 4.4 of the MR to sufficiently detail the stratification and sampling methods used. This should include the total number of PSPs, the stratification approach, and the method for selecting PSPs, taking into account the variation in plantation years. 2. The VVB must assess the revised MR and update VR section 4.5 accordingly. **Program Rule(s)** *VCS Standard v4.5,* Section 3.16, *VCS Monitoring Report Template, v4.2,* Section 4.4 **Background:** The PP uses PSPs to monitor changes in carbon stocks. However, details on the total number of PSPs, their stratification, and selection method are missing in Section 4.4 of the MR, especially considering the variation in planting year.	**Round 1** VVB Response The process for the sampling and all procedures regarding monitoring and measuring, the PP has developed separate documents in which they describe the process, this documentation has been reviewed by the audit team and checked during the on site visit. PROTEAK has developed a specific procedure for tree measurements in the field (ANNEX V. Monitoring\PRO-FOR-INV-002 Procedimiento toma física de inventario.pdf.); this procedure: - details the structure, responsibilities and competences of the measurement teams; - describes the methods for measuring tree dasometric and stem quality variables, collecting/recording the measured data in real time and transferring the data for further processing and analysis; and - flow chart of the complete process. This evidence, has been available for the verification audit since the beginning. In addition, Section 4.3 describes details of the stratification and sampling methods used. The monitoring process takes into account internal procedures and internal technical instructions part of the Quality Management System implemented in the company, based specifically on three documents: - POL-01-01-02-Activo biológico teca;	Closed

		- PRO-FOR-INV-001-Procedimiento-planeacion-inventarios - PRO-FOR-INV-002 Procedimiento toma física de inventario[1]. These documents clearly describe the planning of the sampling (intensity, selection and distribution of plots), the generation of information (maps and field data collection sheets), as well as the methodology for the collection of dasometric variables in the field. However, one of the improvements to be implemented as of the 2022 measurement event is that all plots used in the first measurement for the sites (farms) included in the Project, will be considered as permanent for the following events. This is an adaptive action that promotes improvement in the Monitoring Plan. The PP is sharing, via the VVB, the documents mentioned and also referenced in the VR to their review by VERRA.	
		<u>Verra Response</u> An explanation has been provided regarding the stratification and sampling methods used.	

8	**Incomplete GHG ERR estimations**		
	<u>**Issue:**</u> 1. Section 5.4 of the MR, Section 5 of the VR and ERR sheet present the baseline, project, leakage, and net ERR values in a summary table for the year 2022 only,	**Round 1** VVB Response 1. The reference to the reporting period including the years	Closed

[1] The three documents are submitted as evidence at: ANNEX V. Monitoring file.

	without including data for the year 2021. 2. The monitoring period for 2022 covers only 8 months. It is unclear whether the calculations account for the full year or just the 8 months. 3. It is unclear why there is a significant discrepancy in ex-post and ex-ante ERR estimates for the current monitoring period (see background). **Action(s) Required:** 1. The VVB must ensure that PP updates the summary table in the MR, VR and ERR sheet to include baseline, project, leakage, and net ERR values for the complete MP i.e., 2021 and 2022. 2. The VVB must ensure the PP clarifies whether the calculations for 2022 are based on the full year or the 8-month MP. If the calculations cover only 8 months, they should be clearly adjusted and documented to reflect this period accurately. 3. The VVB must ensure the project provides a detailed explanation for the significant discrepancy between the ex-post and ex-ante ERR values. This should include a robust justification for the -94.6% ERR difference, addressing the shortfall in plantation area and any other factors affecting ERRs. 4. The VVB must assess the revised MR and ERR sheet and update relevant sections of the VR accordingly. **Program Rule(s)** *VCS Standard v4.5,* Sections 3.5.8 and 3.15, *VCS Registration and Issuance Process, v4.4*, Section 4.2.4 *VCS Monitoring Report Template, v4.2, Section 5.4* **Background**	2021 and 2022 has been clarified and corrected in the new versions of the documents MR and ERR this has been updated in the VR section 5 as well to clarify that the monitoring period goes from 01July 2021 to 31st October 2022 as indicated just above the table in section 5 of the VR. 2. As indicated on the MR cover page and throughout the documentation and specified in the VR, the reporting period corresponds to 01-January-2021 to 31-October-2022, which means that 22 months were evaluated. 3. Although there is evidently a large difference between the ex-ante and ex-post values, the actual generation of GHG reductions does not lead to an overestimation; the large difference is mainly due to: - The initial area planted by the time of validation = 4,269.82 ha; - The actual area planted by the time of present verification = 5,342.26 ha (only a 26.2% growth in relation to the initial area, and only 42.1% of the area that in theory should have been planted at the time of this monitoring report). In other words, the ex ante estimations used an area 2.4 times larger than the one actually established at the time of this report; - The expected established area growth by the time of the current reporting period (section 1.8 of the DD) = 8,400 more hectares of planting. - The climatic factors (extreme drought) that affected tree growth during the period 2011 and 2012 were decisive. These are commercial plantations, which aim to have the greatest growth in the shortest time; in no option would the PP choose to have lower growth rates than expected, but these are external factors that cannot be controlled, as evidenced by the low carbon capture in the biomass measured in the 2022 monitoring event. - The crediting period was modified from 54 to 50 years. See Section 5.4 of the MR. Verra Response	

	The estimated ex-post ERR is 94.9% lower than the ex-ante estimate. The provided justification is that the project did not meet its plantation targets. According to the ex-ante estimation, the plantation area by this time should be 19,869.82 ha (4,269.82 ha from the first PAI and 1,200 ha/year). However, the actual plantation area to date is only 5,402.69 ha, resulting in a -72.81% difference between the actual and expected plantation area. The reported -94.6% ERR difference is unclear requires a more robust justification.	This finding cannot be closed. Issue The ERRs in Table 13 of the MR have not been reported by vintage period (calendar year), i.e., DD-MMM-YYYY to 31-Dec-YYYY. Action Required 1. The VVB must ensure that the ERRs in Table 13 of the MR are reported by vintage period (calendar year), i.e., DD-MMM-YYYY to 31-Dec-YYYY. 2. The VVB must assess the revised MR and update the VR as needed. **Round 2** VVB Response: As explained in the MR, the period evaluated corresponds to January 1, 2021, to October 31, 2022, which corresponds to 22 months, not two entire calendar years, because the year 2022 was not finished, when the measurements took place in October 2022. For this reason, the information was presented as 2021-2022. However, in response to the comment from Verra's reviewer, what the PP presents in Table 13 is the weighting of the total ERRs by the number of months in the two calendar years, corresponding to a rounded value of 55% (12/22) for 2021 and a rounded value of 45% (10/22) for 2022. Therefore, there is no other way to determine the respective weighted weight for each year, since otherwise, the removals would have to have been measured in January 2022, in order to be divided into vintages by calendar year, as required by the template. Having done this, new evidence is presented: -New version of the MR - Updated version of the VER report.	

		Verra Response Table 13 of the MR has been updated accordingly.	

9	**Incomplete NPR assessment**		
	Issue: 1. In Section 1.2 - financial viability, the PP has not provided an explanation and score for point i. 2. In Section 1.3 - opportunity cost, the PP has not provided explanations and scores for points g, h, and i. 3. Considering that four parcels are not directly owned by the PP—three are leased, and one is held in trust—it is unclear how the score for land tenure and resource access impacts is 0 in Section 2.1 of the NPRR. Also, in Section 2.1 the PP has not provided explanations and scores for points e, f, and g. 4. The mitigation scores for fires and pest and disease risks have not been provided. 5. It is unclear whether the non-permanence risk has been assessed for each geographic area specified in the project description. **Action(s) Required:** 1. The VVB must ensure the following: a. The PP includes scores for all the parameters of the sections mentioned in the above findings 1 – 5. b. The VVB must ensure that the non-permanence risk is assessed for each geographic area specified in the project description.	**Round 1** VVB Response: 1. Although no extra evidence than the already shared with the audit team is needed for justifying this risk score, the PP has added a paragraph to the explanation of factors e) to h) where it was already explained that PROTEAK has secured more than 80% of the funding needed to cover the total cash out for the plantation establishments (this means, before project reaches breakeven); these funds are provided by PROTEAK by the sale of shares. The evidence proving this was already presented to the audit team for the field visit. However, the risk rate stays at 0 because "*Total may not be less than zero*", in accordance with AFOLU Non-Permanence Risk tool. The assessment procedure or needs has not changed as the evidence and conclusion remains the same. 2. Factors g, h and i are optional, and the PP did not apply to them, so no evaluation is carried out on them. This explanation was added to the NPRR. As section 2.12 of the AFOLU Non-Permanence Risk tool: "*Where applicable, and where the project proponent demonstrates that related mitigation activities will be (at validation) or are being (at verification) applied…* *Where risk mitigation synergies do not exist, the tables set a*	Closed

	2. The VVB must assess the updated NPRR and update Section 4.6 of the VR accordingly. **Program Rule(s)** *VCS Standard v4.5,* Sections 3.2.10 and 3.6.19, *AFOLU Non-Permanence Risk Tool v4* **Background** Per the VCS Standard v4.5, AFOLU non-permanence risk analyses shall be assessed for each geographic area specified in the project description. Where a project is divided into more than one geographic area for risk analysis, the project's monitoring and verification reports shall list the total risk rating for each area and the corresponding net change in the project's carbon stocks in the same areas.	*minimum rating of zero, even in cases where the calculation would otherwise determine a rating lower than zero.*"; for the Project neither are applicable nor being applied. 3. Section 2.3.1 of the AFOLU Non-Permanence Risk tool: "4) Land and resource tenure refers to the systems of rights to lands, territories and resources, including obligations, rules, institutions and processes regulating ownership of, access to and use of land and associated resources. ***Tenure and resource rights may be synonymous with property rights and encompass full ownership as well as lesser usufructuary rights to use or have access to the project area and the resources within it, such as rights to fell timber or collect fallen branches"*** ; accordingly with this (specially marked bold), there is no discrepancy with the selected score. Thus, point e) is NA, givent that the Project is not a WRC projects, and points f and g), are mitigation points = optional. 4. Please refer to the provided evidence : Fresh-Breeze-Risk-Report-Calculation-Tool-2022 v3.xlsx; mitigation scores for fires and pest and disease risks are clearly provided; nevertheless, these scores were also added to the NPRR. 5. The NPRR has not been assessed for each geographic area specified in the project description; in accordance to AFOLU Non-Permanence Risk tool: "*2.1.3 Where risks are relevant to only a portion of the project geographic area, the geographic area may be divided*". In this sense, the PP has demonstrated that, after more than 10 years of operation of the Project, the assessed risks are applicable and exist equally in all project areas. The project is located in the same biome, and the division that exists is administrative for the country of Mexico (states of the country). Thus, the assessment of the risks for this monitoring event has been done in the same way for all project areas, as	

		well as demonstrating that the management and development of project activities are applied in the same way.	
		Verra Response This finding cannot be closed. Issue For the three leased areas and the one held in trust, it is still unclear how the score for land tenure and resource access impacts is 0 instead of 2. Action required. 1. The VVB must ensure that the project clarifies why the score for land tenure and resource access impacts is 0 instead of 2 for the three leased areas and the one held in trust. 2. The VVB must assess the revised NPRR and revise the VR as needed.	
		Round 2	
		PP Response: Conservatively, and correctly applying the ownership and resource access/use rights criteria, the PP has corrected the score for said External Risk criterion, applying option b) (score 2), which implies that not the entire area is held by the same entity (Proteak), due to the three properties included in the Trust, despite the fact that Proteak does have a long-term legal binding on these properties. New evidence presented: New version of the NPRR and the NPR calculation tool. The VR has been updated.	

		Verra Response The Non-permanence risk report has been updated accordingly.	

10	Clarification needed on the tradeable VCUs		
	Issue: It is unclear why the tradeable VCUs in the current monitoring period (55,301 tCO_2e) are significantly lower than in the previous period (143,480 tCO_2e), despite the addition of new strata. **Action(s) Required:** 1. The VVB must ensure that PP justifies why the tradeable VCUs in the current monitoring period are significantly lower than in the previous period, despite the addition new strata. The justification should include an analysis of the factors contributing to the difference and any changes in project implementation and design. 2. The VVB must thoroughly assess the revised MR and update sections 4.4 and 5 of the VR as needed. **Program Rule(s)** *VCS Standard v4.5,* Section 3.23.6, *VCS Registration and*	**Round 1** VVB Response The addition of new area is not a real fact, since it only increased by 52.81 hectares but the plantation area was reduced by 60.43, so now, the total area is 1.76 hectares less than that used in the last MR (2021). - thinning was carried out on some farms, as specified above in the answer to finding 4. - during 2019 and 2021, the drought periods were considerably prolonged, which is why growth was affected. Also, the difference in the generation of VCUs has been addressed in previous finding number 8. Verra Response This finding is pending closure of Finding #2. **Round 2**	Closed

	Issuance Process, v4.4, Section 4.2.15, *VCS Program Definition, v4.4*, *VCS Monitoring Report Template, v4.2, Section 5.4* **Background** The tradeable VCUs in the last monitoring period (01/01/2020 - 31/12/2020, spanning one year) amounted to 143,480 tCO_2e. In the current monitoring period (01 January 2021 to 31 October 2022, spanning 1.8 years), the tradeable VCUs total 55,301 tCO_2e. This represents a difference of -88,179 tCO_2e in the project's net GHG benefit for the current monitoring period compared to the previous one, despite the addition of two new strata (with plantations established in 2015 and 2016) covering an area of 58.67 ha. The explanation for this significant difference is not provided in either the MR or the VR.	VVB Response This finding is now closed	

11	**Incomplete and incorrect summary description**		
	Issue: 1. Section 1.4 of the VR does not include the LTA information. 2. The baseline described in the VR i.e., degraded forest reserve is inconsistent with that described in the validated PD and MR. **Action(s) Required:** 1. The VVB must assess the LTA aspects thoroughly and document the same in the VR. 2. The VVB must ensure that the VR is revised to describe a baseline that is consistent with the vegetation cover prior to the project start date and that is consistent throughout the project documents. **Program Rule(s)**	**Round 1** VVB Response 1. Section 1.4 of the VR has been updated including the reference to the LTA. 2. The baseline described in the VR in the summary and any description of the baseline, refer to the updated VR. Verra Response This finding is pending closure of Finding #2.	Closed

	VCS Verification Report Template, v4.2, Section 1.4	Verra Response This finding is now closed.	

12	**Incomplete description of the method and criteria**		
	Issues: Section 2.1 of the VR does not sufficiently describe the sampling approach used by the VVB for the on-site assessment. **Action(s) Required:** The VVB must update Section 2.1 of the VR to sufficiently describe the sampling approach used by the VVB during the on-site assessment. This should encompass the methodology, criteria, and rationale for the sampling and stratification procedures. **Program Rule(s)** *VCS Standard v4.5,* Section 4.1.20, VCS *Validation and Verification Manual v3.2*, Section 2.1, VCS *Verification Report Template, v4.2, Section 1.4*	**Round 1** VVB Response Criteria has been duly specified in section 1.2 referenced in section 2.1 as per the criteria used in the sampling approach. In terms of the sampling visit, random sampling approach for plot measurement was used and as the visit was underway, the audit team did not find any sampling related misrepresentation or any mistakes in the stratification used by the PP which was the one used for the audit as it was deemed right. As per the stakeholder interviews, a risk based approach taking into account the opinion of the audit team and the information gathered during the audit process. All these criteria are patent in the documents specified in section 1.2. Please refer to the updated VR. Verra Response This finding cannot be closed. Issue It is unclear how representativeness and adequacy in sample size were ensured with the random sampling approach. Action required The VVB must under section 2.1 of the VR explain how representativeness and adequacy in sample size were ensured with the random sampling approach. **Round 2**	Closed

		VVB Response As per the standard procedures for sampling in the VVB to perform the site visit, the auditor takes into account the number of farms present in the project in which a random sampling could be performed complying with the sample size requirements of the audit. However, the audit team considers information about the number of VCUs claimed per farm, size of the farms, number of plots, the information of the inventory SOPs of the PP on how to take the data from the field so as to be sure that no inconsistencies are found in the calculations. The audit team has several tools to perform the audit of the farms in terms of identifying the truthfulness of what is presented in the reports, e.g. satellite imagery, on site data gathering and official reports if any. That considered, the audit team evaluates the performance of the inventory teams comparing the data gathered during the onsite visit and the presented one, refer to findings appendix in the VR in order to see any issues raised during the audit on the measurements, and that is taken in addition to what it can be assessed from satellite imagery amplifying the capacities of the audit team when performing audits.	
		Verra Response A clarification has been provided regarding the sampling approach.	

13	Lack of Independent verification and cross-checking of the document review process		
	Issue: It is unclear how the verification team independently assessed and cross-checked the information provided by the PP, given that	**Round 1** VVB Response Appendix 1 of the VR indicates the assessed documentation as the documentation that needed to be checked against further	Closed

	Appendix 1 of the VR lists only the documents submitted by the PP as those reviewed by the VVB. **Action(s) Required:** The VVB must specify the independent and online sources used to review, crosscheck, and compare the project's claims and outcomes, as well as to determine conformance with the VCS Program rules. **Program Rule(s)** *VCS Standard v4.5,* Section 4.1	evidence pertinent to the project also provided by the PP as contracts or field evidences. External documentation as national reports, sector-related reports or peer reviewed literature are routinely consulted by the VVB to confirm the information provided by the PP in order to asses that documentation. A list of documentation used to confirmed the information provided by the PP: - INEGI. Instituto Nacional de Estadistica y Geografía. Principales Tipos de Suelo. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/datosgeogra/fisigeo/suelos.cfm - Demonstrating appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities. https://cdm.unfccc.int/methodologies/ARmethodologies/tools/ar-am-tool-17-v1.pdf - www.ipcc-nggip.iges.or.jp/public/gpglulucf/gpglulucf_files/GPG_LULUCF_FULL.pdf - ntergovernmental Panel on Climate Change [IPCC]. (2003). Good Practice Guidance for Land Use, Land-Use Change and Forestry. National Greenhouse Gas Inventories Programme. Retrieved from http://www.ipcc-nggip.iges.or.jp/public/gpglulucf/gpglulucf_files/GPG_LULUCF_FULL.pdf Among others. Please note that many values to be checked at verification are mainly reporting values gathered normally by the PP that are referenced as such in the VR. Also, please refer to the scope and criteria section in the VR for the used standard version from the VCS this project was	

		developed and checked against. Verra Response An explanation has been provided by the VVB regarding the independence of the audit.	

14	Incomplete AFOLU safeguards assessment		
	Issues: Under Section 4.3 of the VR, the VVB has not assessed the activities implemented by the PP to mitigate risks to local stakeholders arising from project implementation. **Action(s) Required:** The VVB must assess the activities implemented to mitigate risks to local stakeholders resulting from project implementation. This should include detailed descriptions of the risk mitigation measures and their effectiveness. **Program Rule(s)** *VCS Verification Report Template, v4.2, Section 4.3*	**Round 1** VVB Response As described in section 2.3 the project implementation does not pose any risks or no risks were identified to project stakeholders that may be subject to be mitigated. "*During the reported monitoring period, no negative offsite stakeholder impacts were identified. The project has not impacted critical ecosystem services negatively, areas fundamental for basic community necessities or traditional cultural identity have not been altered"* This has been assessed during the audit process, also corroborated in previous verification events and the validation of the project. As for the mitigation measures, they have been identified and assessed in the NPRA section of the VR 4.6. The updated VR refers in its section 4.3 to the risk analysis for the assessment of the mitigation issues related to community engagement.	Closed

		Verra Response An explanation has been provided by the VVB regarding how it assessed the activities implemented by the PP to mitigate risks to local stakeholders arising from project implementation.	

15	Incomplete accuracy assessment		
	Issues: 1. It is unclear why the Tool "Calculation of the Number of Sample Plots for Measurements within A/R CDM Project Activities" v2.1 is included in the registered PD and the MR, but not in the VR. **Action(s) Required:** 1. The VVB must include all the Tools used by the PP in their accuracy assessment. **Program Rule(s)** *VCS Verification Report Template, v4.2, Section 4.4*	**Round 1** VVB Response Included in the VR section 4.4. Verra Response The VR has been updated accordingly.	Closed