FRESH BREEZE AFFORESTATION PROJECT. MONITORING REPORT 3

Document Prepared by ALLCOT Mediterránea

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1 PROJECT DETAILS

1.1 Summary Description of the Implementation Status of the Project

The Fresh Breeze afforestation project covers 5,344.02 hectares of land, which are adjacent to cattle, on which forest plantations for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere will be established. The project activity is established in the states of Tabasco, Nayarit and Chiapas, Mexico. According to Proteak information for this verification are confirmed a total of 5,344.02 hectares of land.

In the case of Fresh Breeze Afforestation Project the date of July, 2009 corresponds to the date when started the plantations of the Plantation Tintal, this event correspond to the first activity that lead the GHG removal of the project, since this day the project start the operation and every year new plantation were added as is described below.

The land selected for plantation of *Tectona grandis*, commonly called "Teak" has optimal conditions for the development of this kind, which are:

- Height: between 0 and 800 masl (meters above sea level)
- Soil: rich in calcium, flat and well drained.
- In the rainy season: between 1,500 and 2,500 mm annual rainfall or older.
- Dry season: with a minimum of 10 to 50 mm of rain, with a maximum of 3 months.
- Requires climates with a distinct dry season (3-5 months), with annual average temperatures between 22 and 28°C, an average annual rainfall of 1,250 to 2,500 mm and altitudes between 0 and 1,000 meters

For this monitoring period (year 2020) the GHG emission removals generated by the project activity are equal to 143,480 tons of CO2-eq (after risk tool).

1.2 Sectoral Scope and Project Type

The project corresponds to VCS scope 14 "Agriculture, Forestry and Other Land Use" (AFOLU) as an Afforestation, Reforestation and Revegetation (ARR) project.

The project is classified as a grouped project because new areas will be included in the future, according to Proteak's expansion plan.

1.3 Project Proponent

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1.4 Other Entities Involved in the Project

Organization name	**ALLCOT AG**
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1.5 Project Start Date

July 1st, 2009, corresponding to the date when the plantations of Tintal plot began. This event corresponds to the first activity that led to the GHG removal of the project.

1.6 Project Crediting Period

For the current grouped project, the crediting period will be 50 years from July 1st, 2009 to June 30th, 2059. In accordance with VCS Standard version 4 the crediting period of AFOLU projects will have a minimum of 20 years and a maximum of 100 years, therefore, the project activity is in line with the length of the crediting period.

1.7 Project Location

2 In this section is stated each plantation that is part of the project activity, for each plantation it is stated the year that the plantation started and the plantation hectare (Table 1).

3 **Table 1. Plantation area and year of sowing**

AREA	PLANTATION	YEAR/AREA (ha)							Total
		2009	2010	2011	2012	2013	2014	2015	
BALACAN	Brasiles			239.56	49.98				289.54
	Caoba		232.59						232.59
	Cedros			76.66					76.66
	El Pocito	370.14	41.44	104.23					515.81
	Las Amapas			180.62	78.45				259.07
	San pablo		111.27	8.09					119.36
	Santa Rosa		67.66						67.66
	Tintal	70.23	262.14						332.37
HUIMANGUILLO	Don Justi			60.25					60.25
	El Abuelo				84.06	343.8			427.86
	El Capri					11.49			11.49
	El Diamante			33.93	26.1				60.03
	El Zombi					141.56			141.56
	La Laguna				338.3				338.26
NAYARIT	Capitan	75.9							75.9
	Cascada	18.77							18.77
	Empeño 8	13.03							13.03
	Victoria 7	11.06							11.06
PALENQUE	Asterisco				72.28				72.28
	El Rincon		74.17	6.69					80.86
	La Estrella		37.83	86.29	43.9				168.02
TOCOTALPA	Tacotalpa					173	525	406	1104
TAPACHULA	El Establo					34.23			34.23
	El Milagro			88.08		9			97.08

	Nueva Pezuña			18.82					18.82
	San Agustin - Primor			53.82		7.02			60.84
	San Juan		75.16	21.97					97.13
TENOSIQUE	Cuvadonga			40.68	109.2				149.87
	Piedra Santa			72.99	275.8				348.83
	Porvenir				60.79				60.79
Total		**559.13**	**902.26**	**1092.7**	**1139**	**720.1**	**525**	**406**	**5344.02**

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Proteak Plantations:

Figure 1. Status of plantation

1.8. Title and Reference of Methodology

AR-ACM0003. Afforestation and reforestation of lands except wetlands. Version 1.0.0 is applied to this project activity. The following methodological tools are used:

- "Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities" Version 3.1
- "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities" Version 4.2
- "Estimation of non-CO2 greenhouse gas (GHG) emissions resulting from burning of biomass attributable to an A/R CDM project activity" Version 4

- "Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity" Version 2
- "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM project activities" Version 1.1.0
- "Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities" Version 1
- "VCS AFOLU Non-Permanence Risk Tool" Version 4
- "Calculation of the number of sample plots for measurements within A/R CDM project activities" Version 2.1.0

1.9. Participation under other GHG Programs

Not applicable, the project activity is not registered in other GHG programs or trading systems.

1.10. Other Forms of Credit

Not applicable, the project has not sought nor received any other GHG environmental credit.

1.11. Sustainable Development

Proteak has signed participation in the Global Compact, in support of the principles regarding human rights, labor rights, environmental protection and the fight against corruption. This commitment represents consistency with the principles and values, as well as the internal policy of Proteak.

The project provides new opportunities for formal employment in the region, contributing to an improved quality of life for the population. Currently, PROTEAK provides +400 permanent jobs, thus promoting regional economic growth.

On the other hand, PROTEAK has a program to support the community's needs. In 2020 local people have been supported with this program in three different areas: school, church and police through different types of donations.

	Proteak seeks to implement initiatives that improve employment opportunities for youth in the areas in which they operate. This effort includes the generation of skills and abilities required by young people to join the workforce in our industry and associated sectors. The final aim is to create a link program with university. 3 schools visited and supported, with 120 students benefited 3 communities served, 472 inhabitants benefited. 6 agreements signed with universities through the Academic Linkage Program. 18 students within Proteak through the Dual Education program.
	Proteak has promoted gender equality through the empowerment of the women of the communities through the creation of job opportunities for them. Proteak currently offers employment to 117 women, which represents 17% of its staff, of which 88 are part of the forestry staff, as evidenced in the Headcount of forestry staff, which can be consulted in the following document: HC AL 16 DE NOVIEMBRE 2021
	Proteak promotes the sustainable development of its value chain. Proof of this is the monitoring of FSC requirements (P116_VER_083 in NPRR Folder in Fresh Breeze MR3) in the implementation of forestry activities.
	The project is concerned with the sustainable development of its activities and its contribution to the mitigation of climate change. Only during this monitoring period, the project activity has achieved the removal of 143,480 tCO2.
	Proteak Uno, S.A.B. de C.V. developed a Master Plan for Forest Management where the company promotes the planting of commercial species as a sustainable alternative to wood extracted from natural forests and an Environmental, Social and Occupational Safety and Hygiene Policy, where the introduction of organisms is prohibited genetically modified in silvicultural operations. Simplified Management Plans are prepared for each plantation according to the corresponding legislation and in follow-up to the FSC® Principles and Criteria. The company evaluates the environmental impact of its

	products throughout the different stages of transformation. Forestry activities are governed in accordance with national and international regulations, always seeking to exceed established standards. As a rule, certifications are sought that endorse the sustainability of forest operations and the transformation of raw materials into final products, according to the standards of the National Forestry Commission (CONAFOR), the FSC® and the Environmental and Social Performance Standards. from IFC.

As part of the commitments made with the International Finance Corporation (IFC) and the Global Compact, Proteak Uno, S.A.B. de C.V. developed an Environmental, Social and Occupational Health and Safety Policy, committing itself to follow good corporate practices, which comply with all applicable legislation at national and international level. This policy is public and can be found at[1] [2] [3]

22. SAFEGUARDS

2.1. No Net Harm

Stakeholder consultation has been a priority of the project from day one, believing that a participatory approach is the only way to success. The project is not only about teak trees, but mainly about people.

Socio Economic impact

Project owners elaborated a socio-economic evaluation, in which they describe the methodology and the evaluation followed to measure the social impact generated by the project activities and the plantations. This social assessment was prepared in October 2019, with the information collected in the surveys conducted in October 2019. The Evaluation is based on the definition of several indicators to meet the requirements of Principle 4: "Community relations and workers' rights" of the Forest Stewardship Council (FSC) Forest Management Certification standard.

In 2012, the company underwent the FSC forest certification process in order to support its vision and policies in compliance with the environmental, social and silvicultural management of the project.

[1] Política Ambiental Social Seguridad Higiene Laboral 2017

[2] Declaracion Publica 2013

[3] Manejo Maestro Mexico Teca 2018

PROTEAK UNO S.A.B. DE C.V. is part of the community in which it operates and generates jobs in the ejidos and communities where they are present. Throughout the operations the company has sought to incorporate workers in the region either as direct or indirect workers. The forestry operations began by incorporating leaders in the plantation areas to manage planting and maintenance activities. In this way empirical professionals were taught through training and development of activities, which in turn generated employment alternatives in the region.

PROTEAK UNO S.A.B. DE C.V. has also sought to engage with the community supporting infrastructure works such as roads, bridges, schools, among others. It is for this reason that PROTEAK UNO S.A.B. DE C.V. seeks to maintain a positive impact and mitigate any negative impacts that may result from its operation. The Social Impact Evaluation of PROTEAK UNO S.A.B. DE C.V. aims to:

1) Define reagents that allow the collection and analysis of information in a reliable way to evaluate the degree of performance of the project in the components of employment generation, roads and highways, health services, pollutant generation and water courses and sources.

2) To guide the project staff in the planning and elaboration of the Annual Operational Plan (POA), based on the prevention and mitigation of negative impacts that may be caused by the management and use of forest plantations.

3) To comply with Mexican standards.

4) Maintain the FSC forest management certification.

The Direction of Human Development and Environment is responsible for the field implementation of the Monitoring Plan. This responsibility includes:

- coordinating field data collection and consultations with stakeholders,

- analyze/evaluate the data and ensure its accuracy,

- implement the corrective actions resulting from the monitoring,

- To elaborate/implement the Annual Operational Plan (POA) of the UMF in the field,

- coordinate with the person in charge of FSC certification management.

The design, implementation, and monitoring of the Social Impact Assessment (Principle 4) is the responsibility of the person in charge of FSC certification management at the level of PROTEAK ONE, S.A.B. DE C.V. This responsibility includes:

- reagent planning and evaluation,

- follow up the consultation process with interested individuals and institutions

(stakeholders),

- identify non-conformities and corrective actions and ensure their compliance,

- Develop the Social Impact Assessment (Criterion 4.4.1)

- update/publish the report annually

Methodology (form and frequency of data collection)

For the evaluation of the social impact in the communities, consultations with the inhabitants, representatives of organized groups and/or representatives of public institutions will be considered. The consultation will gather general information about the respondent, such as sex, age, community, and municipality where he/she lives, as well as the economic activity he/she carries out. Subsequently, the company's components will be evaluated, including employment generation, roads and highways, health services, generation of pollutants and water sources.

Frequency of data collection

The measurements of the socio-economic indicators will have an "ANNUAL" frequency. It should be taken into account that some data can be taken at different times of the year, this by virtue of the nature and implementation schedule of the different forestry activities (planting, pruning, thinning, harvesting, transportation, others).

- In accordance with FSC policies, all information related to the monitoring system will be saved at the project headquarters for at least five years.

Evaluation

Every forest management project cause "positive or negative" changes in the environmental, social, and forestry conditions involved. The objective of the "evaluation" is to identify the negative impacts that the forestry operation generates on the interest groups of the surrounding communities. In most cases, the negative impacts will be reflected as Corrective Actions or recommendations to minimize or eliminate their occurrence.

Corrective Actions

Generally, Corrective Actions are incorporated as activities to be executed in the Annual Operating Plan (POA) of the forest farms. This can occur at any time or at the end of the year in order to allocate the required resources and budgets.

Review of the evaluation system

The review can occur at any time that is required, however, for the purpose of this Social Impact Assessment, a review of the system at least once a year to ensure that they are responding to the requirements of the project.

PROTEAK UNO S.A.B. DE C.V. has initiated a periodic monitoring of the stakeholders using surveys and indicators that are periodically measured within the present document and that complement the information in the Monitoring Plan. The objective of the surveys is to consult a sample of individuals of interest, both women and men, to know what the effect of the company has been on the topics.

The results of the consultations allow the company to identify the positive and negative impacts of its activities and to establish the necessary Corrective Actions in case of any negative impact. The first section of the survey records the general data of the person, to have a reference in case a future consultation is needed. The second part collects demographic information (gender, age and occupation), and determines the geographic location and the farm closest to your home. In the third part of the survey, a series of reagents have been developed to determine the positive/negative impact of PROTEAK UNO, S.A.B. DE C.V. With these, the person is asked to indicate his or her level of satisfaction according to specific activities of the company.

The results of Proteaks involvement with the community are presented on the last impact evaluation document that was developed. This evaluation is done every year to understand and monitor the community's engagement and satisfaction. In this *Evaluación Impacto Social* 2020*,* the community supports completely the implementation of the project.

PROTEAK UNO, S.A.B. DE C.V. has had a better performance compared to the previous year. However, part of these results may also be due to a smaller sample size this year, considering the current sanitary context, which was a determining factor for the sampling.

There positive comments increased regarding the generation of jobs in the area, as well as the benefits it offers to workers and support given to the the communities for a better economy. However, as an opportunity for improvement, it should strengthen communication with the communities regarding environmental issues that are of concern to them, and that are unaware that activities are being undertaken to correct possible negative impacts that could arise from the forestry operation. This can be achieved through participation in ejido meetings as well as further promoting continuous dialogue with the communities where it operates, to report on the activities undertaken and that are of great interest to the local population.

Additionally, Proteak Uno, S.A.B. de C.V. enforces their activities and their socioeconomic monitoring by supporting the Ten Principles of the United Nations Global Compact in the

field of Human Rights, Labor Rights, Environmental Protection, and the Fight against Corruption. These concepts have been integrated into their annual strategy and punctual monitoring is carried out to obtain better results.

Annex 1 shows the set of annual social impact evaluations (for this report the document that corresponds to the year 2020 in the Annex 1 Folder in Annex) that the company develops to gather information about the community´s thoughts and relation to the project.

Environmental Impact

Regarding the environmental impacts related to this project, a consolidated document is adjusted in order to provide the methodology to identify the environmental aspects and those that are significant, to evaluate and to control the risks and environmental impacts associated with the activities carried out by Proteak. Its purpose is to ensure that all labor practices, whether new or existing, routine or non-routine, are evaluated in terms of their environmental risks and impacts in order to determine the necessary actions, according to the Environmental and Social Management System.

The report states that the various activities and processes are identified internally, and a map of correlations is applied to evaluate their linkage and interactions within the company.

Identification of the activities of each process

In each process the normal routine activities are sequentially identified. Special attention should be given to those activities that do not appear sporadically and that must necessarily be annexed for the fulfillment of a part of the process.

Identification of the risks, aspects, and environmental impacts of each activity

The identification should ideally be done by the work teams involved in each activity (supervisor and workers) accompanied by the Social and Environmental Responsibility.

In the identification of the risks, aspects, and environmental impacts it is necessary to consider the analysis of the following:

- Generation of industrial waste that can be assimilated to domestic waste.
- Equipment oxidation and metal corrosion.
- Oil spillage due to improper handling of drums and transformers.
- Generation of hazardous waste (batteries, fluorescent tubes, toners, remains of paint, volatile chemicals, disused electronic equipment).

- Potential spillage of hazardous substances.
- Generation of disused tires.
- Emission of combustion gases from the use of electrical equipment.
- Spillage of lubricants, fluids, and fuel / oil.
- Emission of particulate matter (resuspended) by vehicle traffic on unpaved roads (fugitive springs).
- Noise from heavy machinery.
- Air pollution with carbon monoxide and metallic fumes.
- Soil contamination with ashes.
- Generation of contaminated solid residues (hoses, filters, material of cleaning of equipment and insulators).
- Tools and equipment needed to perform the activity.
- Materials, inputs, and raw materials needed for the activity.
- Results of inspections of the workplace and its surroundings (surroundings).
- Incident/accident reports.
- Occupational health monitoring.
- Accident statistics for the last four years.
- List of medical care and special medical examinations.
- Existence of workers especially sensitive to some risk or aspect environmental significance due to their personal characteristics or biological state.
- Existence of workers who are particularly sensitive to some risk or aspect significant for their personal characteristics or state of health known.
- Existence of workers who are particularly sensitive to some risk or aspect significant environmental impact due to its emotional characteristics and/or limitations.
- Cultural differences present in the workplace.
- Interaction with local fauna during project implementation.
- Applicable legal requirements.

In addition, from the point of view of the type of incidents that might occur, or the form of contact or exchange of energy that might occur, the following must be considered:

- Fall to the same / different level
- Contact with hot objects
- Contact with fire
- Contact with electricity
- Contact with sharp objects
- Contact with chemicals
- Hitting with or by an object or tool
- Hitting against objects or equipment
- Crashing against moving elements
- Collision with fixed objects or structures
- Crash by another vehicle
- Trapped by moving object
- Trapped between moving or fixed objects and movement
- Dust exposure
- Exposure to gases and/or vapors
- Exposure to dew and/or mist
- Exposure to ionizing radiation
- Exposure to infrared radiation
- Exposure to ultraviolet radiation
- Exposure to biological agents (bacteria, fungi, etc.)
- Exposure to cold or heat
- Exposure to noise
- Vibration exposure
- Overexertion by manual handling of materials
- Overexertion due to sudden movement
- Fire
- Explosion
- Caused by third parties

- Caused by insects or animals
- Running over by a vehicle
- Food Poisoning
- Spills of hazardous substances and/or waste
- Emissions
- Improper waste disposal

Criteria for the identification and evaluation of significant environmental aspects

Significant environmental aspects are those that can generate environmental impacts with high probability and high severity. The corresponding magnitude is defined from "Low" to "Extreme" according to table No. 4. The significant environmental aspects will be evaluated according to their associated environmental impacts evaluated following the section Priority of the environmental risks and impacts.

Evaluation of environmental risks and impacts

For each identified topic evaluate its risks and environmental impacts. This evaluation must be done by the work teams involved in each activity (Supervisor and workers) accompanied by the Coordinator of Social and Environmental Responsibility.

Calculating the magnitude of environmental risks and impacts (MERI)

The magnitude of environmental risks and impacts (MERI) is a parameter that defines the importance of a hazard and/or aspect and allows its classification in a hierarchical way to focus control efforts. The MERI is a value that is calculated based on the assignment, first, of numerical values to establish a measurement parameter for the variables Probability and Severity.

Then, calculates it using the following formula:

$$MERI = P \times S$$

The evaluator should select and assign the value that, according to his/her experience or professional judgment, best describes the possibility that a topic will generate an event or exposure.

Prioritization of environmental risks and impacts

From the results obtained from the MERI calculation, which fluctuate between 1 up to 16 considering the values assigned to the Probability and Severity variables, a matrix

applicable to environmental risks and impacts was developed to establish a ranking of 4 levels of importance or hierarchy. The final standard is the following:

1. Level 1: MERI values between 1 and 3

2. Level 2: MERI values between 4 and 6

3. Level 3: MERI values between 8 and 9

4. Level 4: MERI values between 12 and 16

The most important or critical levels of MERI are the ones showing higher levels.

Classification of environmental risks and impacts

The hierarchical order in terms of the importance of the risks and environmental impacts evaluated, and their priority of attention when implementing control measures, is established as follows:

MERI Value	Environmental risk/impact	Definition
1 to 3	Minor	The risk is acceptable
4 to 6	Moderate	The risk is tolerable
8 to 9	Important	The risk is concerning
12 to 16	Critical	The risk is not acceptable

Control of environmental risks and impacts

Generally, and without exclusions, risk and impact reduction actions at levels acceptable to Proteak in any of its contracts, must take in consideration the following hierarchy of control:

- **Elimination. -** As a first action the elimination of any hazard originating any risk, opportunity, and environmental aspect must be considered.
- **Substitution. -** If elimination is not possible, then consider replacing the process or activity that contains the danger that originates from the risk, opportunity, and environmental aspect.
- **Engineering control. -** Establish controls whose objective is to implement barriers to separate people from dangers or change the equipment or tools of a process or activity to minimize exposure. For example, use of ventilation, soundproof booths, locking systems, equipment protections and machinery, robots, among others.

- **Administrative control. -** Information or warning to people about the presence of a danger, such as informative, warning or prohibition signs, alarms, safety sheets, etc.
    - Develop measures to ensure that work is carried out in accordance with the protection of health, as well as damage against the environment. These include procedures, instructions, inspections, observation of people's behavior, training, adequate supervision, etc.
- **Personal protection equipment. -** Personal protective equipment should be the last measure to be taken when responding to occupational hazards and should be used, in most cases, as a complementary measure.

Specific actions according to classification for environmental risks and impacts

- **Lower risk and environmental impact -** It is acceptable for the organization. No need to improve preventive action. However, periodic checks are required to ensure that the effectiveness of the control measures is maintained.
- **Moderate risk and environmental impact -** It is tolerable for the organization. Efforts should be made to reduce environmental risks and impacts. The required measures must be implemented within a certain period. When they are associated with extremely harmful consequences, further action will be required to establish the probability of damage as a basis for determining the need for improvement of the control measures.
- **Important risk and environmental impact -** It is a concern for the organization. No work should be started until the risk and environmental impact has been reduced. When they correspond to a work being done, the problem must be solved in less time than moderate environmental risks and impacts.
- **Critical environmental risk and impact - Not acceptable for the organization.** It should not start or continue the work under any circumstances, until the risk and environmental impact is reduced to an acceptable level. In case it is not possible to reduce the impact, this work should be prohibited.

Along with this environmental impact assessment PROTEAK UNO S.A.B. de C.V. has consolidated a Master Plan (*Annex 2)*, in which they establish the framework in which the plantations operate. It presents a silvicultural system suitable as a planning system within the boundaries of the company's business. The current master plan is a tool for forest management to achieve the company's goals and objectives. It will be subject to review within a maximum period of five years, with the possibility of making necessary updates annually.

Monitoring Plan 2020

This Monitoring Plan describes the methodology and results of the evaluation process of the management and harvesting activities of the teak (Tectona grandis) plantations of the company PROTEAK UNO S.A.B. de C.V., located in the states of Nayarit, Chiapas, and Tabasco.

The Monitoring Plan was updated in November 2020 and is based on the definition of several indicators to meet the requirements of Principle 8: "Monitoring and Evaluation" of the Forest Stewardship Council (FSC) Forest Management Certification standard (P116_VER_083 in NPRR). In 2012, PROTEAK UNO S.A.B. de C.V. underwent the forest certification process on a "voluntary" basis, in order to support its vision and policies in compliance with the environmental, social and silvicultural management aspects of its project. The regulatory framework, objectives, scope, methodology, and results obtained during the impact measurement and evaluation process are presented in *Annex 3*.

2.2. Local Stakeholder Consultation

For Proteak, the participation of stakeholders is an inclusive process that leads the project's life cycle. When designing and implementing adequately, this engagement supports the development of strong, constructive, and responsive relationships that are important for the successful management of environmental and social risks of a project. The Stakeholder participation is most effective when it starts at the project development process. It is an integral part of the decision-making process, and the evaluation, management, and monitoring of environmental and social impacts that might affect the project.

The objectives of the stakeholder participation plan for the management project are:

- To provide continuous information about the project to the public and agencies

- Provide timely and appropriate information before and during forest exploitation to allow informed participation in the project and the definition of appropriate mitigation measures.

- Encourage the equal participation of all affected groups in the process of consultation.

- Disclose project impacts and proposed mitigation measures.

- Provide ongoing information on the implementation of mitigation measures mitigation.

- Facilitate open and ongoing communication and consultation among various groups, including stakeholders and the public.

The stakeholder engagement plan must be in place for the entire life of the project and will include scheduled formal consultations and meetings. The information will also be disclosed as necessary to address significant changes over time or other important project developments. The stakeholder participation process includes two key aspects:

- Early and ongoing dissemination to key stakeholders to provide information about the project.

- A feedback process to address complaints and grievances interposed during the implementation of the project.

IDENTIFICATION OF INTERESTED PARTIES

The first step in the stakeholder engagement plan is to identify the key parties to be consulted and involved. Stakeholders are individuals or groups who are affected or likely to be affected by the project and who may have an interest in the project.

The stakeholder groups to be involved can be expanded during the implementation of the project. In addition to government agencies and organizations non-governmental, key stakeholders include people who live near the area of the project and have potential private interests.

STAKEHOLDER ANALYSIS

Stakeholder analysis process

Stakeholder analysis is the process of identifying groups of stakeholders who may affect or be affected by a proposed action and classify them according to their impact on the action and the impact the action will have on them. The analysis should also consider the design of consultations for the interested parties, who to consult and when.

The stakeholders that are involved are:

- Public administrations
- Non-governmental organizations / community groups
- Local Communities
- Providers near the areas of potential for forestry activity
- Neighboring companies located in the region
- Workers

The important concerns that these stakeholders have considered are:

Water

- Impact on the availability of water resources. Access to water was a key concern for the governmental communities.
- Discharge of pollutants and impact on water quality.

Air

- Gas emissions and impact on adjacent communities.

Ground

- Loss of topsoil during the project and the impact on agricultural productivity

Noise

- Disruption to adjacent communities by noise from vehicles and machinery

Visual Impact

- Changes in the landscape
- Cleaning up of sites after completion of harvesting

Traffic and Transportation

- Effects on vehicle access to the area during work on farms and during harvesting, processing, and transportation of wood.

Hazards

- Fires caused by machinery
- Air quality hazards
- Intoxication from the use of agrochemicals

Socio-Economic Waste

- Soil pollution from the use of chemicals
- Loss of prime agricultural land during project operation
- Loss of livelihood due to displacement of agricultural production
- Relocation of community members
- Job opportunities for the community during the project

Information Disclosure

Dissemination of information

There are a variety of participatory methods used to build relationships, collect information, consult, and disseminate project information to interested parties.

The following are the methods used as information diffusion:

Phone/E-mail/Text messages

- Distribute project information to officials from entities (government, organizations, agencies, and businesses)
- Informing stakeholders about consultation meetings

Print Media

- Disseminate project information to stakeholders
- Inform stakeholders about consultation meetings

Social Media/Website

- Disseminate information through specific sections on the company's website
- Create a social network account where information similar to that contained on the website is managed

One to One Meetings

- Build relationships with stakeholders
- Present project information using Powerpoints presentations
- Build relationships with high-level stakeholders
- Distribute technical documents.

Public Meetings

- Present the project information to a wider audience of stakeholders or a community through PowerPoint presentations, posters, videos or documents from project information.
- Building relationships with local communities
- Distribute non-technical project information

Focal Group Meetings

- Facilitate the meeting in smaller groups of 8-15 people to provide feedback on the Project

Workshops

- Present project information to a group of interested parties
- Use participatory exercises to facilitate group discussions focusing on exchanging ideas, analyze information, and develop recommendations and strategies

Dialogue Table

- Use prepared questions or gather preliminary questions to facilitate group discussions

Surveys

- Collect individual opinions from stakeholders
- Collect baseline data
- Register data
- Develop a reference database to monitor the impacts

Field Visits

- Collect individual stakeholder opinions

Stakeholder consultation process

It is essential to plan each consultation process and to consult in an inclusive manner, document the process, and communicate the follow-up. Once the technique of participation is decided, you will determine the frequency of participation required for each stakeholder (by example, daily, weekly, monthly, quarterly, annual). Once the frequency is determined, you can choose a calendar that indicates the dates and places where you will be organizing the stakeholder's participation. List for each engagement activity, the responsible for the designated activity.

COMMUNICATION MECHANISMS / COMPLAINT HANDLING AND FEEDBACK

A grievance mechanism is in place to deal with complaints and grievances concerns that stakeholder may have. It is anticipated that some of these concerns may include eligibility criteria and compensation rights for loss of livelihood or land use.

The mechanism for handling complaints and grievances includes:

- A system of reports and records.

- Grievance assessment procedure.

- A time frame for responding to complaints.

- The mechanisms for adjudicating complaints and appeals.

In the interest of all stakeholders, the grievance, and complaint handling mechanism is designed to resolve disputes as quickly as possible. The parties must be heard and, as such, must be fairly represented through a complete process.

In the information report (Folder 1 in Stakeholder and Activities Evidence in NPRR116 Folder), the project proponent provides Stakeholders with an accessible and effective

process to file complaints, claims and/or concerns that may arise about the Project activities. Proteak recognizes that this report must be responsible and fair.

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Verbal and written complaints related to the communities will be the responsibility of the Coordinator of Environmental and Social Responsibility in collaboration with the Forestry area in plantations, harvesting and transportation, and from contractors.

Verbal and written complaints related to Proteak personnel are governed by the Proteak's Internal Complaints and Claims Management Procedure and are in charge of the Coordinator of Environmental and Social Responsibility, in collaboration with the designated contractors.

The report should comply with the following objectives:

- Proportional: The report will take into account in a proportional manner, the level of risk and possible negative impacts on the affected areas.

- Culturally appropriate: The report is designed to take into account the customs local area.

- Accessible: The report is designed in a clear and simple way to be understood by all people. There will be no cost associated with it.

- Anonymous: The complainant may remain anonymous, as long as it does not interfere with a possible solution to the complaint or problem. Anonymity is distinguished from

confidentiality in that it is an anonymous report, no personal data is recorded

(name, address) of the plaintiff.

- Confidential: Proteak will respect the confidentiality of the complaint. The information and details about a confidential report are only shared internally, and so only when it is necessary to inform or coordinate with the authorities.

- Transparent: The process and operation of the MAQR is transparent, predictable, and easily available for use by the population. Complaints will be made known on the bulletin board of the Forestry area.

The main objectives of this report are:

- To ensure active participation of Stakeholders throughout the life of the Project.

- Allow two-way communication with stakeholders.

- Identify potential environmental, social, or occupational health and safety risks or community not previously identified.

- Resolve or avoid conflicts, manifestations, doubts or claims of the interested parties.

- Communicate the solutions to the Complaints and Feedback received.

The report is aligned with the international requirements and best practices established by the International Financial Institutions (e.g., Equator Principles and International Finance Corporation Performance Standards).

INTERNATIONAL BEST PRACTICE REQUIREMENTS

The report aims to meet and align with international best practices, specifically with the Equator Principles and the Corporation's Performance Standards International Finance Corporation (IFC).

Principle 3 of the Equator Principles requires that projects comply with the International Finance Corporation Performance Standards.

Principle 6 describes the implementation of a complaints mechanism to ensure consultation, outreach, and ongoing community participation throughout the construction and operation of the Project. This principle specifies that "the complaint mechanism must be adapted to the risks and impacts of the Project, and the Affected Communities must be its main users. Efforts should be made to resolve concerns promptly, employing an understandable and transparent consultation process that is culturally appropriate and easily accessible, without cost, and without any retaliation for those who raised the issue or concern".

International Finance Corporation (IFC) Performance Standard 1 describes the components of effective social and environmental assessment and management systems. A vital component of this is to create and maintain a constructive relationship with the Parties Stakeholders and communities.

This report is guided by the principles outlined in IFC's publication, Stakeholder Engagement: A Handbook of Good Practice for Companies Operating in Emerging Markets. The document states that the objective of a report is to ensure a process that provides opportunities for stakeholders to express their views and concerns, and to enable the Project to consider and respond to stakeholder concerns. In order to fully implement these recommendations, Proteak:

- Provides relevant information in a format and language that is easily understandable and adapted to the needs of the interested target audience(s).

- Provides information in advance of consultation and decision-making activities.

- Disseminates the information in the manner and places that make it easy for stakeholders to access.

- Respects local traditions, languages, time frames and decision-making processes.

- Uses two methods of dialogue that give both parties the opportunity to exchange views and information, to listen, and to have their complaints heard and addressed.

- Considers the possibility of inclusion in the representation of different points of view, including women, vulnerable groups, and/or minority groups.

- Avoids intimidation or coercion procedures.

- Provides clear mechanisms for responding to people's concerns, suggestions, and complaints.

- Incorporates feedback while keeping stakeholders informed.

HOW THE REPORT WORKS

This report consists of four steps: 1) Notification, 2) Confirmation, 3) Assessment, and 4) Follow-up.

In the first step the Plantation or Harvest Supervisor receives the claim and notifies the Plantation or Harvest Manager via email; in the second step the Plantation or Harvest Manager together with the Plantation or Harvest Supervisor verifies and analyzes the claim; in the third step an assessment and judgment of the claim is made and a plan of action is established in conjunction with the Forestry Management; finally in the fourth step, the Head of Plantations or Harvesting along with the corresponding staff follows up on the complaints and feedback.

COMPLAINTS AND FEEDBACK PROCEDURE

The Project has an efficient tool for the collection, monitoring, and notification of complaints and feedback. The process is documented by a complaint and feedback log (in a physical file and a database). The procedure is initiated by notification of the complaint or feedback (either orally or written) by the plaintiff. The process ends with closure and compliance with the resolution of both parties (the plaintiff and the Project). The names and contact details of the person responsible for receiving the complaints or Feedback will be communicated to the population at large. The Forest Manager determines, on a case-by-case basis, who and in what area they will investigate and respond (internally) to the complaint or feedback.

In the case of internal complaints or feedback, the contractor must coordinate with the Project staff to respond to worker complaints or feedback in a manner that is satisfactory to all parties. Internal complaints or feedback are governed by the Complaint Management Procedure and Proteak's Internal Claims and in charge of the Environmental and Social Responsibility Coordinator, in collaboration with the officials designated by the contractors.

The steps that are followed are:

1. Notification: Receive and record complaints and feedback.

Complaints and feedback may be submitted orally or in writing; preferably the complainant will be directed to the Chief Planter or Harvester. All complaints and feedback submitted are documented by the Project's Environmental and Social Responsibility area, which maintains records at this office. For the reception of complaints and feedback, a format is provided to the plaintiff. In the event that the plaintiff prefers to use another format, it is used and then the staff transcribes it to this format by attaching the original of the complaint or feedback submitted.

An email is also established, and a cell phone line is available, to communicate directly with the Head of Plantations or Harvest. It is intended that the community can make their complaints and feedback even after hours and during weekends. If the call has not been taken by the Head of Plantations or Harvest, the interested party may leave a message on the voice mail. The messages in the voice mail will be checked and processed in a period not longer than 24 working hours. It is necessary that the interested party provides information about the time and date of the call, name, place of residence, and the source of the complaint or feedback. On the written form, the complainant shall identify himself/herself, the person receiving the complaint or feedback will check whether it was submitted directly by the affected person or on behalf of the same with your knowledge and consent. In the event that the complainant requires assistance in writing the complaint or feedback, the Project staff will assist them. If this is the case, once the complaint is written, the Project staff will read it aloud to the complainant in the presence of a witness.

2. Confirmation: Within a period not exceeding seven working days, the Project will have to evaluate the documentation submitted by the plaintiff. If any additional information is required for the correct evaluation of the complaint or feedback, the Forest Project Manager will contact the applicant within a maximum of ten working days, to obtain the necessary information. Once the complaint or feedback is completed and reviewed, the Forestry Manager or Head of Plantations or Harvesting proceeds to register and assign a code to each complaint or feedback.

The file should include, along with the complaint or feedback, a summary of the complaint or feedback made by the Project and the name of the person who received and processed it. The Registration information will be updated bi-weekly to reflect the current status of the case until the complaint or feedback has been finally resolved.

3. Assessment: Examine and evaluate.

In the Forest Management, complaints or feedback are evaluated and transmitted to all those involved in the event. Complaints or feedback from the Project are classified into four categories:

NOT ADMISSIBLE: Complaints or feedback that do not comply with one or more of these

requirements:

1. Not directly related to the Project, its contractors or subcontractors.

2. Its nature exceeds the scope of the present report.

3. There is no real cause of action.

4. There are other formal mechanisms and institutions for filing the complaint.

LOW IMPORTANCE: This category corresponds to complaints or feedback that do not require resolution, but only require information or some clarification that must be provided to the applicant. This category includes complaints or feedback that have been previously evaluated and received a final response from the Project.

MEDIUM IMPORTANCE: Complaints and feedback related to health, the environment, construction, transportation, contractors, and subcontractors.

HIGH IMPORTANCE: Includes safety-related complaints or feedback of Project staff, as well as those related to the health and safety of people involved.

The recipient of the complaint or feedback coordinates with appropriate personnel to evaluate the complaint or feedback urgently and determine the course of action to be taken. The evaluation of the complaint or feedback in these cases may not exceed three days from its receipt. In the event that additional information is needed for your

If the evaluation is adequate, the Forestry Manager or Head of Plantations or Harvesting will contact within a maximum of five working days to gather the necessary information. The Forestry Manager or Head of Plantations or Harvest will inform the complainant and/or his/her representative in writing that the requested information must be delivered within a period not exceeding 10 working days from the date of reception. If the complainant does not provide the requested information within the time limit, he or she will be informed

of The deadline has not been met, and the parties involved have been informed in writing that the deadline has not been met. This does not mean that the complaint or feedback is rejected, but only that it could not be evaluated due to lack of documentation. In this case, the complainant may file the same complaint or feedback again, however, it will be treated as a new one and must follow its normal course.

Special procedure for complaints or feedback of high importance

The complaint enters an expedited process of investigation and resolution by the Forestry Manager and the Social and Environmental Manager. If necessary, officials from greater range, depending on the severity of the complaint. In the case of complaints related to illegal or abusive acts, the Project will immediately begin the investigation and will coordinate with local authorities to properly address the issue. Plantation or harvest team staff (two people), assigned by the Forestry Manager, will meet with the complainant to gather additional information when necessary. The complaint will then be investigated (i.e., meet with members of the security team involved in the complaint when necessary) and develop and implement corrective actions in collaboration with the Head of Plantations or Harvest and the Project's Forestry Manager. If the staff of the planting or harvesting team are men and the author prefers to speak with a woman, or vice versa, the Project will facilitate that work. If it is deemed necessary, further research will be carried out quickly.

If the complaint does not proceed, then the following will occur:

1. Dismiss the complaint

Dismissal will occur if the complaint does not meet the admission requirements indicated above. If the complaint is dismissed, the complainant is informed of this decision and the reasons for the rejection. The complainant will have the option to refute the decision of the Project. For this purpose, the plaintiff shall have three working days from the date of the notification, indicating the registration code of the claim, to be able to appeal to the response of the Project.

2. Complement (as appropriate)

Plaintiffs often provide incomplete information. Therefore, whenever possible, additional information will be required in accordance with the deadlines defined above. Direct contact with the complainant is recommended in all cases to maintain an open dialogue.

If the demand proceeds, the following steps must be followed:

1. Define the approach

The Forestry Manager together with a representative of the Legal Area must evaluate and determine the origin of the complaint and define the actions to be taken as an answer. If necessary, a visit will be made to the area where the demand originates (e.g. to a specific community, or area affected by the Project). This is done jointly with the plaintiff. The objective of this visit is to verify and investigate the situation indicated by the applicant to obtain a technical opinion, collect information or results, and details about the plaintiff's arguments.

On a case-by-case basis, Proteak will define the approach to be taken, if

1. Proteak proposes a solution.

2. The plaintiff and Proteak develop a solution together.

3. Proteak uses more traditional and culturally appropriate practices (e.g. consult with community or ejido leaders) to resolve the complaint.

After the response to the complaint has been written, the Forestry Manager will prepare a report justifying the proposed solution or the reasons for its rejection. This report will be sent to the Social and Environmental Manager for evaluation. In total it shall take 14 business days to formally notify the complainant.

4. Follow-up: Communicate the decision

1. Anonymous claimant

In the case of anonymous complaints, these will be posted on the office bulletin board of the Forest Management, together with Proteak's response, indicating the solution or updated status of the procedure. This publication will be produced for a period of 30 working days from the registration of the complaint.

2. Plaintiff identified

When a claim is determined to be acceptable, the claimant must be informed of the:

- Category of the classification assigned to the demand.

- The code record assigned to the demand to allow for tracking.

- In the event that the complaint is classified as "Low Importance" and the Project has already responded to the complaint, this will be communicated showing the evidence of its resolution satisfactory; and

- Possible dates for a meeting, for the purpose of clarification or to seek the consensus of the parties involved.

3. Challenging the decision

In the event that the applicant intends to appeal the decision of the Project, the applicant may consider involving a third party to resolve the dispute.

Implementation approach

Once a complaint or feedback is deemed valid, Proteak will contact to begin negotiations and dialogue:

If the complaint or feedback is accepted, the person responsible for the project will try to reach a settlement directly with the plaintiff. If a settlement is reached, this will be reviewed by Proteak.

If it is not possible to reach an agreement, the report must include the reasons for the complaint or feedback and the arguments of the plaintiff, as well as the possible alternatives of solution presented.

If the complaint is not accepted by Proteak, the report must describe the arguments and reasons for determining that the complaint is not valid.

In the event that a settlement is not reached through the report, the complainant may initiate a legal action against Proteak or a request for arbitration to resolve the conflict. If the agreement is reached, the arguments and conditions under which it is signed will be reviewed by Proteak for its implementation. Once there is an agreed solution to the complaint or feedback, either through a mutual agreement or through judicial or arbitration, the case will be considered closed only if there is a document that proves satisfaction of the applicant and the project.

Follow-up and documentation

In the event that Proteak and the plaintiff reach an agreement at any stage of the process, the Social and Environmental Manager or the Forestry Manager are the responsible for preparing a report on the terms of the agreement, which will be sent to Proteak's legal department.

The Forestry Manager is responsible for maintaining an updated database with all documentation and information related to complaints or feedback that are presented. It is also responsible for following up on the processing of complaints or feedback in coordination with the areas involved, and to facilitate participation of the plaintiff in the process. A follow-up form is completed for each case. Once an agreement is reached, the Environmental Liability Coordinator and Social is responsible for following up to confirm that the resolution measures corresponding are being applied.

The complaint or feedback log shows that all these actions and processes are carried out. In this format there will be collected:

- Date the complaint or feedback was recorded.

- Person responsible for the complaint or feedback.

- Information on corrective actions proposed/communicated by the plaintiff (if applicable).

- Date the complaint or feedback was closed; and

- Date the response was sent to the complainant.

Deadlines

All complaints must be resolved within 30 days.

MONITORING AND REPORTING

MONITORING

The report will be continuously monitored and is designed to facilitate the integration of the lessons learned during its execution. In this way, the Project will be able to respond appropriately to situations as soon as they develop. The report is considered a "dynamic document" and is designed to be updated and improved continuously.

The objectives of the monitoring program are:

- To verify the implementation of the specific actions of the report

- To continuously evaluate the solutions given for each complaint or Feedback and adjustment, if necessary; and

- Closely observe events, incidents, and other relevant information to ensure proper and on-time handling of them.

Complaints	Proposed actions	Objective	Responsability	Programming	Resources	Monitoring	Report
Complaints or Feedback of the Parties External Stakeholders	The Project will respond to all complaints or Feedback on a timely basis (maximum of 30 days, more quickly for discharge complaints priority). They will be made all efforts reasonable for resolve the complaint of such way that the The plaintiff is satisfied. Always as much as possible, it is will make changes in the policies business and codes of conduct to prevent future incidents.	Maintain productive relations with the interested parties.	Social and Environmental Responsibility Coordinator.	Complaints resolved within 30 working days.	Social and Environmental Responsibility Coordinator, Forestry Manager and all necessary local support staff.	The Project will maintain a complaint log and track the number of new and closed complaints.	The Forestry Manager will prepare fortnightly reports, provide key performance indicators in the monthly reports.
Complaints or Feedback of the Parties Internal Stakeholders	The Project will work with the subcontractors to respond to all complaints or Feedback of the workers on time (maximum 30 working days). All reasonable efforts will be made to solve the complaints from the workers, without affecting the budget or the calendar.	Respect the rights of the workers and to maintain the good relations at work, give the workers appropriate answers, reach satisfactory agreements, and if necessary, give them compensation or impose sanctions	Coordinator of Social and Environmental Responsibility and Subcontractor	The complaints must be resolved in 15 days.	Responsible: Coordinator of Social and Environmental Responsibility , Corporate Manager of Human Resources and all the necessary staff .	The Project will maintain a record of complaints and will perform a monitoring of the number of new and closed complaints.	The Corporate Manager of Human Resources will prepare reports fortnightly, provide indicators Key to performance in the reports monthly.

The effectiveness of the complaint and feedback mechanism will be evaluated through the following indicators:

- R1: All complaints received are resolved within 30 days (and with greater speed in urgent cases) and there is evidence to show changes in the project activities that motivated the complaint.

- R2: High level of satisfaction (over 85% of the complainants interviewed are satisfied with the outcome of your complaint); and

- R3: Complaints received and determined to be legitimate have resulted in a disciplinary action, or to a change in the Project's policies or procedures.

REPORT

In both personal and business relationships, follow-up is important. The same principle applies to stakeholder participation. Once they have consultation, stakeholders will want to know which of their suggestions will be used, what risk or impact mitigation measures will be implemented to address their concerns and how, for example, the project's impacts are monitored. Often, the same methods used in information disclosure apply to inform the interested parties. This follow-up may include brochures, meetings, and publications on easily accessible bulletin boards.

Informing stakeholders

communication to stakeholders is done on an annual basis through a public summary of the management plan and 2020 monitoring plan. Informing stakeholders involves providing important details about the commitments, the status, and progress of the project. Reporting to stakeholders may also include new or corrected information since the last report. Follow up on the many commitments made to the various stakeholders at various times, and communicate progress made against these commitments on a regular basis, requires planning and organization.

The monitoring report on the implementation of the report will be prepared annually and will have the following format:

1. Executive Summary

2. Introduction

3. Summary of lessons learned

4. Status of implementation of each action described

5. Annexes o Documentary evidence.

For this monitoring period the company includes the Community Follow-up And Attention Journal (Folder 2 in Stakeholder and Activities Evidence in NPRR116 Folder), in which they established the different types of requirements that were discussed with the community.

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CONTINUOUS IMPROVEMENT

To ensure continuous improvement, the Project is committed to evaluating, reviewing, and updating the report on an annual basis. The evaluation and review of the MAQR will be conducted by the Social and Environmental Manager of the Project together with the Forestry Manager. Once this review and evaluation has been conducted, the Coordinator of Environmental and Social Responsibility will approve the necessary modifications.

As mentioned before, the commitment Proteak has made to their participation in the Global Compact, in support for human rights principles, labor rights, protection of the environment and the fight against corruption, is critical because they represent congruence with the principles and values, as well as with Proteak's internal policy.

Within this process, last year the verification and auditing period was conducted. Proof of this process are shown in the INFORME DE EVALUACIÓN DE SEGUIMIENTO DE MANEJO FORESTAL CON CADENA DE CUSTODIA DESDE EL TOCÓN HASTA LA PUERTA DEL BOSQUE (*Annex 4*).

2.3 AFOLU-Specific Safeguards

There is no displacement occurring due to the project activity. In fact, the local communities have positive attitude towards the project activity due to the following reasons:

- Increase their incomes: The objective of the Project Proponent is sustainable management of the project area. Low-income families in the area will get more opportunities to increase their income. This will be a support for their livelihood.
- New employment opportunities: Skilled and unskilled labor is needed for this project. The project creates direct employment opportunities in the establishment, maintenance, and monitoring.

- Knowledge of silvicultural techniques: The project proponent and its staff have a very good experience and knowledge of sustainable management of teak and will transfer it to the local communities.
- Biodiversity protection: Protecting biodiversity is an essential part of the commitment of Proteak to conduct the activities in a sustainable way. Proteak's Environment Policy guides the staff to be a responsible administrator of the natural resources that they manage. The restoration plans have the objective of promoting sustainable practices during and after the use of resources. In them, Proteak integrates compensation initiatives and environmental restoration that seek to strengthen the supply of environmental goods and services. Likewise, Proteak seeks to contribute to the development of the locality through the provision of spaces for the purposes of passive and contemplative recreation. The nursery allows us to promote proposals for plant restoration, strengthen E-Systems, and generate habitats for native species.

  Proteak works on strategies that help meet many objectives towards social responsibility, that is why the company focus on the process of change and transformation. Proteak seeks to embrace all the stakeholders with values and ethics, and considering the following stakeholders: Collaborators, Environment, Suppliers, Customers, Community, Government, and Society.

  Proteak creates and encourages programs for each group of interest. The company includes society and community members within the Support Program and Sports Program given to schools and clients. Proteak works with the various stakeholders by integrating them to the social and environmental responsibility principles.

  As part of the commitments acquired with the International Finance Corporation (IFC) and the Global Compact, Proteak developed an Environmental, Social and Occupational Health and Safety Policy, committing itself to follow good corporate practices that comply with all applicable legislation at the national and international levels.

  The following are the programs that support Proteak´s Human Rights commitment and social support (during this monitoring period):

Activity	Goal
Job	**+400** of staff from communities

MQR Disclosure	**100%** of collaborators informed about the mechanism of attention to complaints and feedback.
Complaint and comment attention	**100%** Complaints and comments handled in accordance with our MAQR care protocol.
Attention to the community	3 schools visited and supported, with 120 students benefited.
Community services	**3** communities served 472 Inhabitants benefited
Academic link program	**6** agreements signed with universities through the Academic Linkage Program.
Dual education program	**18** students within Proteak through the Dual Education program
Campaign against Covid-19 CCC	Creation of a general health contingency plan
	100% of staff informed about the prevention and early detection protocol.
	Implementation of measures and recommendations
	Monitoring of security inspections through the INSPECTORY platform
Implementation of work climate monitoring - NOM-035-STPS	**100%** of staff informed about the new psychosocial risk prevention policy and favorable organizational environment
	100% of staff informed about the implementation of the work climate diagnosis
	3 sites evaluated with diagnostic tool, 100% staff participation
	100% of directive, managerial and managerial staff informed about the results obtained
	1 general committee of attention to this norm created

Within the environmental initiatives, Proteak is committed to the correct application and evaluation of the environmental management system-ISO 14001 (used as a guide but they are not certified)) and the FSC Certification for forest management. The FSC certification supports are attached to this document. Additionally, Proteak establishes programs for waste management and plague and fire control, using methodologies that are applicable to the region and the situation. Proteak commits as well with the protection and conservation of the biodiversity situated in the project area.

The mitigation processes related to social or environmental aspects, following an identification of certain risk or impact, are stated in Section 2.1.

Issues related to the communication between Proteak and the interested parties/stakeholders, are addressed in Section 2.2.

Annex 1 shows the set of annual social impact evaluations that the company develops to gather information about the community´s thoughts and relation to the project.

3 IMPLEMENTATION STATUS

3.1 Implementation Status of the Project Activity

Status of implementation of the project: underway. All the plantation´s property status can be found in the LAND TENURE file and were acquired for forestry purposes as stated in the Project Description and following Monitoring Reports. Proteak is not the sole owner. There are 46 properties owned by Proteak, which have deed. Has or owns for rent 3 properties: Cascada, Empeño 8 (10.97 ha) and Empreño 8 (2.06 ha). It also has 3 plantations in Trust: Tacotalpa 2013, Tacotalpa 2014 and Tacotalpa 2015 (1,104 ha).

The strategy for achieving emission reductions presented in the Project Description, has been consolidated following the first Monitoring Report, theis second report and this third Monitoring Report of the Fresh Breeze Afforestation Project. The monitoring period has been evaluated integrating activities involving the following:

- Environmental Education: With community members, Proteak organized sight visits of the project area to help them understand the importance of a correct environmental management and knowledge of what they have and needs to be preserved. The company focuses specially on the education of young people due to their capacity of retaining information and generating a stronger impact on a future society. Proteak also provides knowledge of effective fire management activities (forest fires). That is, to train new combatants with the basic skills to fight fires considering safety as a priority.
- Infrastructure for educational purposes or within educational sites: Proteak aims to understand and comply each necessity that the community might have. The company supports school's infrastructure and classrooms maintenance, and school activities.

Annex 5 (2. F-Sg-Dhas-02 Bitacora Seguimiento Y Atención A La Comunidad 2020-Annex 5)exposes the activities that were followed by the project during the monitoring period.

For Leakage Monitoring (determining the amount of deforestation in the leakage belt is attributable to the project activity), activities regarding environmental education and land and fire management are being implemented. The area and terrains where the plantations are established, are under Proteak´s name or were rented by the company. Therefore, there are no communities that were displaced from the region. Thus, leakage monitoring is not focused on the communities that could have migrated to other areas due to the project, but on the implementation, evaluation, and monitoring of educational programs and general aid that could help the communities have better livelihoods and undergo a correctly based land and environmental management.

Furthermore, in the PD was determined that leakage is not contemplated due to:

1. The land of the project activity did not have any forestry/agricultural use before the project activity; therefore, there was not any production of a commodity or something that can be involved with the leakage condition.

2. The project activity is not related with the shifting of grazing animals or households or communities, therefore, this condition is neglected.

3. The project activity is not involved with a Wetland Restoration and Conservation project; therefore, this leakage is not included.

Regarding the Monitoring and Non-permanence Risk Factors Management, the following factors will be found subject to monitoring:

Internal Risks

Project Management

- According to Proteak it is necessary to protect project areas in a 100% to avoid the risk of illegal logging. This can be confirmed during the site visit.
- Proteak management team involved in the project management includes individuals with significant experience in sustainable forestry. The company was founded in 2001 in Mexico, which means that its management team has more than 11 years of experience in the forestry sector.
- Proteak Management team has its office in Mexico City, located 12 hours by car or less from all the parcels. Contact info from their website is provided. Also, each site has their own office.
- Co2 Solutions corporate presentation demonstrate the experience in Carbon credit projects under VCS and CDM.

Financial Viability

- The investment analysis of the project shows that the project cash flow breakeven point is in 6 years. In this year (2026), the project cash flow turns positive.
- Project has secured 100% of the funding needed to cover the total cash out for the plantation establishments, these funds will be provided by Proteak sale of shares.
- The project has incentives from CONAFOR program, and it is possible to call for more resources coming from the stock exchange of Proteak.
- Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven.

Opportunity Cost

- NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use activity.
- An evaluation was made in the hypothetical case that the option of an agriculture project, all the land is used to produce corn. The comparation of the NPV of both scenarios shows that the NPV of the project is activity more than the 50% compared to the most profitable alternative.
- Mitigation: Project proponent is a non-profit organization.
- Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over the length of the project crediting period.
- The project proponent has an FSC (Forest Stewardship Council) certificate which includes a legal commitment to continue with the sustainable management of the project activity during the length of the project activity.

- However, due the FSC Certificate does not include all the project plantations is not counted as mitigated option.
- Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over at least 100 years.

Project Longevity

- The project longevity is 50 years given the duration of each cycle (2 cycles of 25 years each). There is a commitment with the FSC Certificate, however, because the FSC Certificate does not include all the project plantations, because the plantations are included when they reach a certain age, it is stated that the project activity does not have a legal agreement to assess the risk and, considering the plantations in place, the project longevity would be 50. Furthermore, the same parameters that satisfied this certification are included and applied in every plantation since the beginning. The CBRE group validated this period in the attached file *Teak Report.*

EXTERNAL

Land Tenure and Resources Access/Impacts

- Ownership and resource access/use rights are held by same entity.

- Most of the terrains involved in the project are property of Proteak UNO SAB de C.V. The land tenure contract of each terrain (catalogued as New Instance in the last report) is provided to demonstrate that the ownership and use rights are held by same entity.
- Ownership and resource access/use rights are held by different entity(s) (e.g., land is government owned and the project proponent holds a lease or concession).
- There are no disputes over land ownership or land tenure for any part of the project area. This is proved through the land tenure contracts, for each land involved in the project activity.
- No disputes exist. This can be proved through the Land tenure contracts.
- The project does not fall in the Wetland Restoration and conservation category. Thus, this section is not applicable.
- Mitigation: Project area is protected by legally binding commitment (eg, a conservation easement or protected area) to continue management practices.

Community Engagement

- According to the AFOLU Non-permanence Risk Tool, 1) "Where local populations are not reliant on the project area, the risk is not relevant to the project and the risk rating GOR CE shall be zero". Since the population isn't reliant of the project area for provisions such as food, medicine, construction material, etc. the risk rate of Community Engagement it´s cero.

Political Risks

- Mexico governance average is -0.32. This is the mean of the six indicators obtained from the World Bank Institute's Worldwide Governance Indicator.
- Mitigation: Country is implementing REDD+ Readiness or other activities. Mexico is participating in the REDD program.

For the Natural Risk section assessment, each state is evaluated separately since some of the information found is different for each region involved in the project activity.

It is important to state that Proteak UNO S.A.B. de C.V. has implemented several prevent measurements to decrease the natural risk.

1. The project plantations are selected in a strategic way, therefore, if something does happen in the area, only a small percentage of the total plantation is affected. Therefore, the selection of plantations is based on the risk analysis of the region, is presented as evidence the hurricane and fire risk analysis.
2. For the fire prevention, the PP makes "Guardarrayas"5 in all the plantations, in other case for hurricane and inundation preventions the PP makes road works and drainage to prevent any damage.
3. Proteak UNO S.A.B. de C.V. has requested training to the National Forestry Commission (CONAFOR) to be capacitated for preventing and fighting forest fires.
4. Additionally, in the case of a forest fire, there are always 5 members of Proteak that form the fire brigade, they have some tools to combat the fire such as rakes, fire pumps, chainsaw, shovels, sprayers, pumps for water extraction thousand-liter water tank.

Fire Risk

Insignificant

Statistics on the number of Forest hectares affected by a Fire in Tabasco state are provided by the CONAFOR (National Forest Commission), which is part of the SEMARNAT (Secretary of Environment and Natural Resources), Mexico's Designated National Authority. An analysis of these data shows that approximately 30,000 ha of Forest have been affected in the last 22 years. Which means that is approximately 1,363 ha/year.

According to INEGI data, the surface forest in Tabasco comprehends a total of 85,406 ha. This means that in a year is affected about 1.59% of the total surface, considering this tendency during the last 22 years. Considering this, the significance of fire risk can

be assessed as Insignificant (less than 5% of loss of carbon stock).

Pest and Disease Risk

Insignificant

According to CONAFOR there are 2 plagues and 1 disease present in Tabasco state, these plagues are already controlled and have the support of the state, which means they do not represent a significant risk for the project.

Searching other kind of resource, according to the FAO only 9,800 ha of forest were disturbed by pest and disease in México in the year 2000. With a total forest area of 64 million ha, according to FAO's National Inform of Mexico9, this implies that less than 0.02% of Mexican forest is affected annually. Thus, the risk is insignificant with likelihood to occur less than every 10 years.

Furthermore, Risks of pests and disease found in plantation forests in the project region are mitigated by correctly forest management plans and close oversight. Also, local foresters have access to pest and disease management expertise with CONAFOR (National Forest Commission).

Extreme Weather Risk

Minor

Extreme weather risks affecting this project area include rain induced flooding and drought.

According to the National Risks Atlas of México, the risk of flood in Tabasco state is medium, and likely to occur less than every 10 years. According to the reference of the map, the CENAPRED states that the medium risk means and effect without deceases and moderate damage.

The effect on the planted trees is not considered to be severe, since the terrain selected for the project activity are chosen with a natural topography that it is not prone to flooding. Due this, the effects on the tree plantations in case of a flood are likely to have a minor impact (less than 25% loss of carbon stocks), this is evidence with other document of the CENAPRED that shows that the damage has been about 10%.

Unlike floods, droughts are rare to happen in Tabasco state. As it can be seen in the map "Degree of drought risk" of the National Risk Atlas of México, the risk of drought in Nayarit region is considered to be very low, with insignificant impact on the carbon stocks (less than 5%)12, also Tabasco is not in the list of the main risk drought states in Mexico, which confirm the lower risk.

According to the National Risk Atlas of Mexico the probability that happen a cyclone or

hurricane is 0.08, is spite of the value the last records of hurricanes in Mexico shows that in the years 1933-2000 there is one hurricane that affected the state in the year 1933, however, only there is a report of an affectation of the houses of the state.

The highest likelihood and greatest significance (that of flooding) is used to assess the risk of extreme weather.

Geological Risk

Insignificant.

Geological risks in Tabasco include only earthquakes since there are not any Volcanoes neither landslide within this region.

Earthquake intensity in Tabasco is low according to the map "Seismic zones and regions" of the National Risk Atlas of México. Furthermore, earthquakes in this region are unlikely to result in a significant loss to projects carbon stocks due to its very low intensity. The significance of geologic risk is estimated at insignificant with a likelihood frequency of every 10 to less than 25 years.

3.2 Deviations

3.2.1 Methodology Deviations

During this monitoring period, no methodology deviations were applied.

3.2.2 Project Description Deviations

During the previous monitoring period, project deviations were approved and applied also during the current monitoring period.

Height

Reason of change: The height was measured for each species; however, it was found that the way to the field inventory was imprecise. Using the information from the field related to the DBH values and using a quadratic regression with more than 3000 data, the values of height were obtained and applied during the first monitoring period and for this third monitoring period.

The change took place on February 17, 2015, through the publication of the evaluation of biological assets. According to PD, measurements of height and DBH forest would be under national procedures. Proteak, according to these procedures, performed some experiments and developed a complete procedure for the efficient measurement of a plantation. Therefore, Proteak designed a new Policy related to the "*Procedures for the*

valuation of biological assets". This policy describes the procedure to measure the DBH and perform a calculation for the estimation of the Height.

The use of a formula to estimate the height of the species was validated by an investigation made by the Forestry Engineer José Rogelio Reyes, in his thesis explaining that due to the time, cost is not a common practice to measure the height of the species. He explains that there is a straight relation between the diameter and the height. Therefore, the way to determine the height is by using a regression.

Proteak made the regression with more than 3,000 trees measure and this equation follows the Methodological Tool to Demonstrate appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities"

The condition that is satisfied is that the equation was derived from a data set of at least 30 sample trees and the value of coefficient of determination (R2) obtained was not less than 0.85. In this case the sample trees are from about 3,000 and the coefficient of determination is 0.86.

The decision on changing the height measurement was evaluated by three parts of Proteak, General Manager Executives, Corporate Comptroller, and Internal Audit Department. It is important to state that Proteak is a Company listed in the Mexican Stock Exchange, because of this commitment; Proteak has a great responsibility in making an inventory of quality.

In compliance VCS standard version 4.0, it is confirmed that the deviation of the measurement of height does not affect the applicability of the methodology, additionality or the appropriateness of the baseline scenario, saying that it is confirmed that the project remains in compliance with the applied methodology. The applicability conditions of the methodology are not related to the measurement of the height.

The new formula uses a valid formula according to the Methodological Tool to Demonstrate appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities, therefore there is not any change in the baseline scenario.

According to the same standard every subsequent monitoring period will demonstrate that the change does not affect the methodology,

Plot size

During validation activities, there was not an official procedure for the measuring, therefore, the plot size was established as an example in the methodology.

The change took place on February 17, 2015, through the publication of the evaluation of biological assets.

The registered P.D. shows a plot size of 0.1 ha, however, the PP used a different plot size, according to the Procedures for the valuation of biological assets there is a change of the Plot Size, the new plot has a form of a circle with a radio of 10 m, which means that the area per plot is 0.0314 ha.

That change will be applied in the calculation of the sampling plots in order to obtain the value applied.

In compliance with Section 3.6.1 of the VCS standard, it's confirmed that the deviation of the change of the plot size doesn't affect the applicability of the methodology, additionality or the appropriateness of the baseline scenario, saying that it's confirmed that the project remains in compliance with the applied methodology. The applicability conditions are not related to the plot size.

However, the plot size and the number of plots is related to a methodological tool, Proteak demonstrated that the change of the plot size is affected in the number of plots required. And using the procedure they demonstrate that the measurement complies with this data, additionally the uncertainty of the project measurements confirms that the project is overvalued.

According to the same standard every subsequent monitoring period will demonstrate that the change does not affect the methodology, with a new calculation of required plots and the uncertainty.

Thinning Period

As established in the registered PD, the project established that the first thinning period will be in year 7, however, some plantations during the third year carried out the first thinning process. The reason for this change is because they have noticed that Teak trees could be affected by the growth of other plant spices that could appear as a product of natural dispersal or seed bank that present resilience and that can appear during the development of the plantation. This seeks to improve the forest health of the crop.

First, it must be clarified that the volumes shown in the *Volumes Thinned* file do not represent commercial thinning processes in the plantations. The values represent natural thinning[4] processes that are generated by natural conditions to which the individuals are exposed. Which, as mentioned before, represent the pressure other specimens put on the

[4] Thinning is a natural forest process, where the number of trees in most forests of uniform age is reduced through competition over time

other individuals around them. Furthermore, these values are below the value that was planned in the Management Program *files (Section Executive Summary in Expected Production and Forestry and Management)* because those thinning procedures are only recurring natural processes.

Regarding the requirements of the standard, the project's additionality is not affected by two points:

a) The additionality is based on the analysis of common practice by species and capacity where it was shown that the project is unique in its class with such dimensions and commitment.

b) The wood obtained from thinning, has no commercial value, therefore there is no benefit.

It has developed a descriptive document, which describes in more detail the change in the process.

In conclusion, the change in the period does not affect the applicability conditions or additionality. On the issue of emissions from baseline values are used for posting post thinning, therefore, the loss of carbon already been taken into account in this monitoring report.

Management Program.

Project Longevity

The project longevity was clarified and verified to be 50 years given the duration of each cycle (2 cycles of 25 years each) and the appropriateness of this time frame with the management procedure determined in the plantations. There is a commitment with the FSC Certificate (P116_VER_083) in which all the plantations are included as mentioned before in section 3. Furthermore, the same parameters that satisfied this certification are included and applied in every plantation since the beginning. The CBRE group (Third party) validated this period in the attached file *Teak Report*.

Regarding the requirements of the standard, the projects applicability is not affected because the characteristics and parameters of the land remain the same and these conditions are not related to the time frame of the project longevity. Furthermore, compliance VCS standard version 4.0 is assured given that the deviation in project longevity does not affect the additionality or the appropriateness of the baseline scenario, saying that it is confirmed that the project remains in compliance with the applied methodology.

3.3 Grouped Projects

Given the conditions in which the project is developed and the conditions within the carbon market, new project areas were not included, seeking to obtain a feasible income.

At this point, reference is made to the conditions of the carbon market. A clear example is the statement by the Government of Mexico, which shows a slowdown in CDM projects since 2013, as a result of the high supply of bonds and the low demand for them[5].

In 2016 the 'Brexit' produced a new drop in CO2 prices; while for this period other financial markets were recovering, the carbon bond market, deepened in losses[6].

It should be taken into account that at the beginning of the emission of carbon credits, the contracts with the world bank were around 16 euros / ton, while for 2019, the ton was traded at 20 euro cents, which does not do "profitable" certification for sale[7].

These plantations (KML of each plantation are provided in the Plantaciones2020 file and in the PAI KML folder) are considered to be part of the whole collective and sustainable system and is integrated in the area that is part of the terrain used for this project. The applicable methodology is the CDM consolidated methodology AR-ACM0003: "Afforestation and reforestation of lands except wetlands" v1.0.0, followed by the specific tools.

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The following tools are applied following the data/equations in Sections 4.1, 4.2, and 5 used for the calculations that were presented:

- "Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities" Version 3.1
- "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities" Version 4.2
- "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM project activities" Version 1.1.0

[5] SEMARNAT acciones y programas mecanismo de desarrollo limpio mdl

[6] SEDENCO hay vida despues del brexit en los mercadosde CO2

[7] PASAJERO 7 bonos carbono la gran deuda

- "Calculation of the number of sample plots for measurements within A/R CDM project activities" Version 2.1.0

In addition, the following tools apply:

- "Estimation of non-CO2 greenhouse gas (GHG) emissions resulting from burning of biomass attributable to an A/R CDM project activity" Version 4

  "Estimation of non-CO2 GHG emissions resulting from burning of biomass attributable to an A/R CDM project activity" mentions the following applicability condition: Non-CO2 GHG emissions resulting from any occurrence of fire within the project boundary shall be accounted for each incidence of fire which affects an area greater than the minimum threshold area reported by the host Party for the purpose of defining forest, provided that the accumulated area affected by such fires in a given year is ≥5% of the project area. In the case of an incident occurs the previous tool will apply to the emission reductions calculation.

- "Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity" Version 2

  "Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity", mentions that the tool is not applicable if the displacement of agricultural activities attributable to the project activity is expected to cause any drainage of wetlands or peat lands. The project activity does not fall in wetland region; therefore, this applicable condition does not apply to the project activity.

- "Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities" Version 1

  - As stated in the PD, the baseline scenario analysis is made for the three states where the project activity expects to establish all the plantations and all the future plantations, therefore, the baselines scenario is common in all the three states, which means that the analysis and determination of the baseline was made considering the three states. Furthermore, the main activity that preserves in the land is cultivated pasture.

In the baseline scenario (PD), credible alternative lad use scenarios are shown:

1. Continuation of pre-project land use (extensive cattle grazing with no pasture improvement).
2. Afforestation
3. Other alternatives

- Land use for agricultural practices: Even if the land has a potential for agricultural practices, as established in Sections Características físicas y biológicas del ecosistema forestal and Tipos de Vegetación of the Management Program, the degraded condition of the land would not support these practices. Moreover, farmers would not afford the costs for preparation of land for carrying cultivation. The lack of irrigation, lack of proper upkeep and degraded nature of land can reduce the production; therefore, the yield will be poor compared to investment.

4. Forestation of at least a part of the land within the project boundary of the proposed project.

   In the PD, identification of barriers that would prevent the implementation of at least one alternative land use scenarios are shown.

   Following is a list of possible barriers for the land-use alternatives identified above:

   - Barriers due to local ecological conditions, inter alia:
     - Degraded soil
     - High erosion risk (e.g., steep slopes)

     As stated by the Ministry of Environment and Natural Resources (SEMARNAT), the lands where the project activities are implemented fall in the category of degraded[8] (Maps 3-2 (page 118), 3-3 (page 119) and 3-4 (122), show that the regions of the project activity fall in the category of degraded and the causes of the degradation is overgrazing).

   - Technological barriers
     - Lack of access to necessary materials, for example planting materials.
     - Lack of infrastructure for implementation of the technology.
     - Local communities usually do not have access to quality seed sources and lack the necessary skills to produce high quality seedlings and to perform successful tree planting especially under drought climatic conditions. In addition, they lack the

[8] SEMARNAT Official Document. See: https://www.semarnat.gob.mx/archivosanteriores/informacionambiental/Documents/pdf/cap_3_suelos.pdf.

knowledge and experience to prevent planted trees from fire, and attack by pest and disease.

Continuing with the baseline scenario in the PD, the elimination of the land use scenarios section states that:

Alternative 1

It is not prevented by any barrier. It is the current land use, and the one that has been practiced for more than 100 years.

Alternative 2

Forest plantation is not a common practice in the region. In fact, this production system in terms of local tradition is not well known. Therefore, knowledge and technology for its implementation is starting to be developed and diffused in the region. There is a noticeable difference between the return periods considered by landowners -who are used to expect a yearly income from their production-, while forestry projects have a period of 10 or more years for return on the investment. In addition, landowners in the region generally lack the capacity and equipment for conducting forestry activities. This alternative is also prevented by remoteness of land area, which imposes high transportation cost for wood products. Additionally, barriers related to uncertainties to eventualities like windstorms or risk to erosion due to the characteristics of the terrain, and degradation, eliminate this alternative as baseline scenario.

Alternative 3

As was described before this alternative was discarded due to the fact that is not profitable; additionally, the business core of Proteak UNO S.A.B. de C.V. is not related with this alternative. Therefore, this could not be a possible scenario.

Alternative 4

This alternative is not applicable to the project activity. For the Mexican government it is not mandatory to have forestation activities, it only promotes the forestation activities.

This barrier analysis leads to the conclusion that the most plausible scenario will be the continuation of pre-project activity in the absence of the proposed project activity and the new areas mentioned here.

Following the analysis of baseline scenario in the PD and the conclusion of the common practice analysis, these areas will also be in line with the characteristics of the validated areas and are not a common practice:

In conclusion, there are different characteristics that make each project presented in this PD Section, different from Fresh Breeze project. In some cases, there is some plantation whose main objective is not a forestry activity because the species used has other benefits. In the companies that have the commercial activity as the main activity there is a significant variation between the species, each species needs to be considered a particular case. The variation between the harvest age, thinning, rotation, and maintenance in each project, demonstrate that each project is completely different.

Forestry use in this project activities is therefore the best plausible scenario also following what its mentioned in each Management Program Management Programby the SEMARNAT, at the beginning of the document before the content list Section (Contenido):

"In accordance with article 87 of the General Law for Sustainable Forestry Development, and its correlative articles of the regulations of the same law, I am allowed to give written notice of the establishment of a commercial forestry plantation on livestock lands, with secondary herbaceous and shrubby vegetation, according to the statements of article 85 of the same law."

Additionally, each Management ProgramManagement Program file states in the Section Planting Objective the specific objectives of the plantation. These objectives refer to the implementation of a sustainable forestry project.

The incentives of the VCU's obtained due to the registration of the project as a VCS project activity, will help to alleviate the operation process of the project activity. This means that the VCU's incentives can avoid the barriers that the project has.

- "VCS AFOLU Non-Permanence Risk Tool" Version 4
-

Section 3.1 indicates the risks indicated for each criteria and in compliance with this tool. The Risk Tool Excel file shows the calculations as well that are required.

The New Project Activity Instance meet the eligibility criteria of the original Project Description for this Project Activity as demonstrated below:

i) Meet the applicability conditions set out in the methodology:

   a. The land subject to the project activity does not fall in wetland category. In the Management Program file in the Sections Características físicas y biológicas del ecosistema forestal (Tipos de Vegetación and Edafología), Características físicas y biológicas de las superficies a plantar (Suelos and

Vegetación Existente), and in Planos de Superficie, they specify the compliance to this criteria.

In addition, the plantations present four classification of soils, Regosols, Cambisols, Gleysol, and Rendzine. Regarding Regosols and Cambisols the tool classifies these soils as High Activity Clay (HAC); in the case of the Gleysol and Rendzine they are considered as land where the clay percentage is 24 and 29%, respectively[9], those lands can be considered as Low Activity Clay (LAC). With this it is demonstrated that the project land does not fall in the wetland category.

b. Soil disturbance attributable to the afforestation and reforestation (A/R) clean development mechanism (CDM) project activity does not cover more than 10 per cent of area in each of the following types of land, when these lands are included within the project boundary:

(i) Land containing organic soils.

(ii) Land which, in the baseline, is subjected to land-use and management practices.

c. This New Project Activity Instance also complies with the applicability conditions of the tools contained within the methodology and applied by the project activity.

ii) These plantations are managed under the same parameters, technologies, and inputs hold by the other plantations included in this Project. For each plantation a series of activities is carried out in order to promote a sustainable and correct growth of each individual. The activities followed are consolidated into two main processes: Preparation of the terrain and Maintenance.

Annex 6 shows the activities that are determined and applied to each plantation.

iii) Applies the parameters, technologies, and inputs in the same manner as specified in the project description and in the statement explained in point ii).

iv) Are subject to the baseline scenario for the specified project activity and geographic area.

a. The New Project Activity Instance meets the CDM consolidated methodology AR-ACM0003: "Afforestation and reforestation of lands except wetlands" v1.0.0. baseline definition: "*This methodology allows afforestation and reforestation of any land that does not fall into the category of*

9 INEGI. Instituto Nacional de Estadística y Geografía. Perfiles de Suelo. Page 18. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/prodyserv/prods-geograficos/perfiles/perf.pdf

wetland. Where the land in its baseline land-use has soil organic carbon (SOC) content that is expected to be higher than that under the land-use of "forestry", the methodology restricts the extent of soil disturbance in the project to be no more than 10 per cent".

b. The New Project Activity Instance form part of the geographic region and is considered to be in the same specificities dictated for the other plantations.

v) Have characteristics with respect to additionality that are consistent with the initial instances for the specified project activity and geographic area.

a. In compliance with the requirements of the standard, the project's additionality is not affected:

i. The additionality is based on the analysis of common practice by species and capacity where it was shown that the project is unique in its class with such dimensions and commitment.

ii. The change of the area affects the emission removals and those changes have been applied to ER calculation.

Moreover, the new Project activity (each new area included see NEW AREAS folder for specific information on Management Program Management Program and ownership related documentation for each plantation or the ZIP file Management Programs for the complete validated areas and new areas) follows the Eligibility Criteria by:

- All new instances shall lie within Mexico (specifically in the states of Tabasco, Chiapas and Nayarit).
    - Compliance is shown in the Sections Executive Summary, Surface plans, Physical and biological characteristics of the forest ecosystem, and Physical and biological characteristics of the areas to be planted in the Management ProgramManagement Program file.
- Project activity shall be on degraded lands.
    - Project activity is established on degraded lands following the Sections Types of Vegetation and Existing Vegetation in Sections of Physical and biological characteristics of the forest ecosystem and Physical and biological characteristics of the areas to be planted in the Management Program Management Programfile. This land was also established as a degraded region by the SEMARNAT in Mexico.

      In these Sections, it is stated that all the areas where the plantations are developed, were zones of deforestation and environmentally degraded terrains (Criteria 10.9 and 6.10 of FSC), and were maintained without any

primary vegetation, and that the plantations are exclusively established on areas classified as grasslands and secondary bush vegetation. In addition, areas with primary forest, riparian vegetation, and high slope were not touched.

In Section soils of Management ProgramManagement Program it is established that these plantations present four classifications of soils Cambisols, Gleysol, Rendzine, and Regosols. They are usually present with temperate vegetation, particularly with forest species. Due to their high susceptibility to degradation and erosion, these are recommended for forestry use.

- Project activity shall not be on organic and/or drained soils.
    - The project activity site does not include organic or drained soils as established in the Sections Physical and biological characteristics of the forest ecosystem (Edaphology), Physical and biological characteristics of the surfaces to be planted (Soils), and in Surface Plans of the Management Program Management Programfile.
- Project area shall not be a wetland.
    - The land subject to the project activity does not fall in wetland category. In the Management Program file in the Section Physical and biological characteristics of the forest ecosystem (Types of Vegetation and Edaphology), Physical and biological characteristics of the surfaces to be planted (Soils and Existing Vegetation), and in Surface PlansManagement Program, they specify the compliance to this criteria.

      In addition, the plantations present four classification of soils, Regosols, Cambisols, Gleysol, and Rendzine. Regarding Regosols and Cambisols the tool classifies these soils as High Activity Clay (HAC); in the case of the Gleysol and Rendzine they are considered as land where the clay percentage is 24 and 29%, respectively[10], those lands can be considered as Low Activity Clay (LAC). With this it is demonstrated that the project land does not fall in the wetland category.
- The new plantation shall have the same characteristics of the project activities.
    - The land selected for plantation of Tectona grandis, commonly called "Teak" has optimal conditions for the development of this kind, which are:

[10] INEGI. Instituto Nacional de Estadística y Geografía. Perfiles de Suelo. Page 18. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/prodyserv/prods-geograficos/perfiles/perf.pdf

- Height: between 0 and 800 masl (meters above sea level).
- Soil: rich in calcium, flat and well drained.
- In the rainy season: between 1.500 and 2.500 mm annual rainfall or older.
- Dry season: with a minimum of 10 to 50 mm of rain, with a maximum of 3 months.
- Requires climates with a distinct dry season (3-5 months), with annual average temperatures between 22 and 28°C, an average annual rainfall of 1.250 to 2.500 mm and altitudes between 0 and 1.000 meters.

In summary, Teak is a species that has the best growth of tropical wood, also it is the most likely to play in planting, this due to its resistance to fire, pests. Likewise, Proteak UNO S.A.B. has detailed a maintenance plan in order to obtain the best possible production of wood. The lifetime of the project activity depends on the harvest/cutting cycle of the Teak which is 25 years. The project considers two cycles which in turn establishes a project time frame of 50 years.

Proteak gave evidence that demonstrates the continuity of the project activity due to the compromise that the project obtains with the FSC Certificate. The project activity already has renewed the first accreditation of the FSC certificate, this event demonstrates the continuity of the project activity.

The general activities that Proteak UNO S.A.B. de C.V. carries out in order to execute the afforestation project are the followings:

- Selection of the land and management procedures.
- Site preparation, production, and preparation of the plant.
- Establishment and maintenance of the plantation.
- Thinning program.

The project activity is in line with the eligibility conditions:

- Activities that convert native ecosystems to generate GHG credits are not eligible under VCS program. As demonstrated with the photos of each of the plantations in Planos de Superficie in the Management Program file, the land of the project activity was not part of a native ecosystem; in most of the cases the land has not had a specific use, while in some cases, it was used for cattle.

- Activities that drain native ecosystems or degrade hydrological functions to generate GHG credits are not eligible under the VCS Program. The same evidence shows that the land has not had any hydrological function, therefore the land of the project activities was not drained.
- A non-permanence risk buffer assessment.

o Section 3.1 indicates the risks indicated for each criteria and in compliance with this tool. The Risk Tool Excel file shows the calculations as well that are required.

- Leakage shall be assessed for each new project area.

o All the plantations are grassland; therefore, these emissions are not considered in the project activity, this assumption is supported with the photo of each plantation in the Management Program in the Section of Planos de Superficie.

Leakage is defined as any increase in GHG emissions that occur outside the project boundary (but within the same country) and is measurable and attributable to the project activities. The three types of leakage are:

1) Market leakage occurs when projects significantly reduce the production of a commodity causing a change in the supply and market demand equilibrium that results in a shift of production elsewhere to make up for the lost supply.

The land of the project activity did not have any forestry/agricultural use before the project activity; therefore, there was no production of a commodity or something that can be involved with the leakage condition. This is stated in the Sections Types of Vegetation and Existing Vegetation, and in Surface planes of the Management Program file.

Management ProgramManagement Program.

In these Sections, it is presented that all the areas where the plantations are developed, were zones of deforestation (Criteria 10.9 and 6.10 of FSC) and were maintained without any primary vegetation, and that the plantations are exclusively established on areas classified as grasslands and secondary bush vegetation. In addition, areas with primary forest, riparian vegetation, and high slope were not touched.

2) Activity-shifting leakage can result from, inter alia, the shifting of grazing animals, shifting of households or communities, shifting of aqua cultural or agricultural activities, or shifting of fuelwood collection (from non-tree sources). Leakage emissions may also result from transportation and machinery use.

The project activity is not related with the shifting of grazing animals or households or communities, therefore, this condition is neglected. This is

stated in the Sections Tipos de Vegetación and Vegetación Existente in the Management Program file.Management Program.

Furthermore, the Section Tipos de Vegetación of Management Program mentions that all areas where the plantations are developed, were zones of deforestation (Criteria 10.9 and 6.10 of FSC) and were maintained without any primary vegetation, and that the plantations are exclusively established on areas classified as grasslands and secondary bush vegetation. In addition, areas with primary forest, riparian vegetation, and high slope were not touched. They clarify that some secondary vegetation has grown as a consequence of the abandonment of the land.

These regions of Tabasco, Chiapas, and Nayarit were livestock areas, but the terrain was bought without the need to move any animals. In these plantations and following what it is stated for each already validated plantation, owners did not have any cattle present on the area and were abandoned grassland fields. Taking the previous statement mentioned in the Management ProgramManagement Program and being supported by Proteak´s field team, the area that had cattle (Tacotalpa-See Annex 7) was bought and integrated to the project after their previous owner sold or moved the livestock. Following what it is established on the tool "Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity" that:

Leakage emission attributable to the displacement of grazing activities under the following conditions is considered insignificant and hence accounted as zero:

- Animals are displaced to existing grazing land and the total number of animals in the receiving grazing land (displaced and existing) does not exceed the carrying capacity of the grazing land.
- Animals are displaced to forested lands, and no clearance of trees, or decrease in crown cover of trees and shrubs, occurs due to the displaced animals.

In summary, these abandoned areas were used for the implementation of the project but in the case where there were cattle on the land, the movement was not done due to this implementation but to other purposes (selling or movement to available and already used livestock land that can sustain this activity) thus, the leakage is accounted as zero.

3) Ecological leakage occurs in WRC projects where a project activity causes changes in GHG Emissions or fluxes of GHG emissions from ecosystems that are hydrologically connected to the project area.

The project activity is not developed as a Wetland Restoration and Conservation project; therefore, thus, this leakage is not included.

- Proteak UNO S.A.B. de C.V. shall have the right of use for each new project area.
    - Compliance shown in the New Areas folder, in which registry papers and documentation related to right of use is shared. In addition, information related to ownership is presented at the beginning of each Management Program file (letter form the Secretary of the Environment and Natural Resources) and in the Section Description of the socioeconomic aspects of the area where the plantation will be established, on the documentManagement Program.
- Shall be managed according to the same sustainability principles as described in this PD.
    - The project activity follows the sustainability principles as stated in the Section Objectives of the plantation in the Management Program Management Program file.

These changes have directly affected the calculation of the Emission removals; therefore, this calculation must be updated based on current plantings. The variations are due to certain adjustments of the place that did not allow to carry out the plantation completely. In other cases, the weather conditions have affected the area, which have decided to accelerate or stop the planting process (for example, Piedra Santa and some other plantation areas). For the case of Tacotalpa, it was included in this period because before, it did not comply with the viability, the plantation was still too small. Additionally, it must be clarified that the company was in the process of understanding how the carbon market worked. They first included those validated plantations and later, decided to extend the project when internal and external conditions improved.

Regarding the requirements of the standard, the project's additionality is not affected as presented in this section:

a) The additionality is based on the analysis of common practice by species and capacity where it was shown that the project is unique in its class with such dimensions and commitment.

b) The change of the area affects the emission removals and those changes have been applied to ER calculation.

In conclusion, these inclusions do not affect the applicability conditions or additionality. The project activity contemplates these areas for the calculation of the ER.

Given these additional areas, it must be clarified that an estimated Long-Term Average GHG has also been updated according to the monitored data and the estimated calculations presented for this verification event.

Annex 8 presents the specifications for each criteria in each of these areas.

4 DATA AND PARAMETERS

4.1 Data and Parameters Available at Validation

Data / Parameter	D_j
Data unit	T d.m. m^{-3}
Description	Density (overbark) of tree stem for tree species j
Source of data	The value is estimated by the following formula: $D_j = D_{wood,j} * (1 - \%Bark_{volume}) + D_{bark,j} * \%Bark_{volume}$ Where: D_j = Density (overbark) of tree species j; t d.m. m^{-3} $D_{wood,j}$ = Basic wood density of tree species j; t d.m. m^{-3} Values from Table 3A.1.9 of IPCC GPG- LULUCF 2003 are used unless transparent and verifiable information can be provided to justify different values $\%Bark_{volume}$ = Volume of tree trunk that is made of bark; %. Default value of 15% is used unless Transparent and verifiable information can Be provided to justify a different value. $D_{bark,j}$ = Density of bark of species j; t d.m. m^{-3} Default value of 0.4 is used unless transparent and verifiable information can be provided to justify a different value
Value applied	0.485 t.d.m/m^3
Justification of choice of data or description of measurement methods and procedures applied	This Data/Parameter is used in Equation (1,14) of the Methodological tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"
Purpose of Data	Calculation of baseline emissions

Comments	n/a

Data / Parameter	$BEF_{2,j}$
Data unit	Dimensionless
Description	Biomass expansion factor for conversion of stem biomass to above-ground biomass for tree species or group species j
Source of data	IPCC default values (Table 3A.1.10 of IPCC GPG-LULUCF 2003)
Value applied:	1.3
Justification of choice of data or description of measurement methods and procedures applied	The data is chosen according to the climate zone (tropical) and forest type (pines). It is considered the value of pines due to is the most conservative value (lowest value of the table) the other value of the table 3A.1.10 is 3.4 for Broadleaf forest type.
Purpose of the data	Calculation of project removals
Comments	-

Data / Parameter	R_j
Data unit	Dimensionless
Description	Root-shoot ratio for species or group of species j
Source of data	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) [Source: Table 4.A.4 of IPCC GPG-LULUCF 2003] The value of the above-ground biomass is obtained with the information of Proteak.
Value applied:	0.31
Justification of choice of data or description of measurement methods and	The value calculated was using the most conservative value of above-ground biomass. The calculation model shows the conservative approach.

procedures applied	
Purpose of the data	Calculation of project removals
Comments	-

Data / Parameter	$SOC_{REF,i}$
Data unit	t C ha^{-1}
Description	Reference SOC stock corresponding to the reference condition in native lands (i.e. non-degraded, unimproved lands under native vegetation normally forest) by climate region and soil type applicable to stratum *i* of the areas of land
Source of data	Table 3 of "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM Project" activities. The value selected is taking into account the High Activity Clay soil and the tropical wet weather.
Value applied:	44
Justification of choice of data or description of measurement methods and procedures applied	For the calculation of this value is used official information of the INEGI[11]. The main soils related to the project plantations are:
	Gleysol, Rendzine, Regosols, Cambisols.
	In the case of Regosols and Cambisols the tool classifies these
	Soils such as High Activity Clay (HAC), in the case of the Gleysol and Rendzine are considered as lands where the clay percentage is 24 and 29%, respectively[7], those lands can be considered as Low Activity Clay (LAC). However, in order to be conservative, it is considered the default reference soil organic C stock to be as tropical wet and HAC soil due to the reference value is the lowest (conservative assumption).
Purpose of the data	Calculation of project removals
Comments	-

11 INEGI. Instituto Nacional de Estadistica y Geografía. Principales Tipos de Suelo. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/datosgeogra/fisigeo/suelos.cfm

Data / Parameter	$F_{IN,i}$
Data unit	Dimensionless
Description	Relative stock change factor input regime (e.g. crop residue returns, manure) in stratum I of the areas of land.
Source of data	Table 6 of "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM Project" activities. The grassland is considered without input of fertilizers, according to the tool it is assigned an input factor of 1.
Value applied:	1
Justification of choice of data or description of measurement methods and procedures applied	-
Purpose of the data	Calculation of project removals
Comments	The value is considered with a low use of manure.

Data / Parameter	fMG,i
Data unit	Dimensionless
Description	Relative stock change factor for baseline management regime in stratum *i* of the areas of land; dimensionless
Source of data	Table 6 of "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM Project" activities. It is considered as a severe degraded level, the lands are identified as degraded lands using the "Tool for the identification of degraded or degrading lands for consideration in implementing A/R CDM project activities" 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 (National Environmental Agency) that 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 fall in the category of degraded and the causes of the degradation is past overgrazing
Value applied:	0.70
Justification of choice of data or description of measurement methods and procedures applied	-
Purpose of the data	Calculation of project removals

Data / Parameter	$f_{LU,i}$
Data unit	Dimensionless
Description	Relative stock change factor for baseline land use in stratum i of the areas of land
Source of data	Table 6 of "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM Project" activities. According to the tool, all permanent grassland is assigned a land- use factor of 1.
Value applied:	1
Justification of choice of data or description of measurement methods and procedures applied	-
Purpose of the data	Calculation of project removals
Comments	-

Data / Parameter	Volume table or equation
Data unit	m3
Description	Volume table or volume equation that predicts stem volume on the basis of one or more measurements of the tree.
Source of data	Estimation of aboveground biomass using aerial

	photogrammetry from unmanned aerial vehicle in teak (Tectona grandis) plantation in Thailand. 2020. University of Bangkok. Volumen 21 No.6
Value applied:	The volume is a variable that depends on the basal area of each individual, in turn this variable (basal area) depends on the diameter of each tree, which is why the volume (m3) is different in each tree
Justification of choice of data or description of measurement methods and procedures applied	The equations are the following and depend on the Diameter and the Height of the tree. For Stem biomass (W_S) : Log W_S = 0.9797 log (D^2H) – 1.6902; r^2 =0.9930 For Branch biomass (W_B) : Log W_B = 1.0605 log (D^2H) – 2.6326; r^2 =0.9567 For Leaf biomass (W_L) : Log W_L = 0.7088 log (D^2H) – 1.7383; r^2 =0.8523 According to the tool "Demonstrating appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities For ex ante estimation of aboveground tree biomass in project scenario any allometric equation can be used.
Purpose of the data	Calculation of project removals
Comments	-

4.2 Data and Parameters Monitored

Data / Parameter	Ap,i
Data unit	Ha
Description	Area of sample p in stratum i
Source of data	Field measurement
Description of measurement methods and procedures to be applied	The center of the plot was marked with the assistance of a GPS. One staff member stayed at the center of the plot taking notes of the diameters and heights measured while the other expert of the team walked inside the plot measuring them. Both experts were always connected with a measuring tape in order to determine a radio of 10 meters.
Frequency of monitoring/recording	During the monitoring period 1,552 plots during the monitoring period.
Value monitored:	5,344 ha measured in the year 2020.
Monitoring equipment	NA
QA/QC procedures to be applied	Quality control/quality assurance (QA/QC) procedures prescribed under national forest inventory are applied. In the absence of these, QA/QC procedures from published handbooks, or from the IPCC GPG LULUCF 2003, may be applied.
Purpose of the data	Calculation of emissions reductions
Calculation method	The area of a plot is the area of a circle, pi()*10^2 =314.16 square meters.
Comments	Sample plot location is registered with a GPS and marked on the project map.

Data / Parameter	DBH
Data unit	Cm
Description	Diameter at Breast Height of tree

Source of data	Field measurement
Description of measurement methods and procedures to be applied	DBH is measured at 1.3 m above ground, over the bark. In case of stem deformation at this level (knots, forked trees, etc.), measurement was done over the deformation once the stem takes its normal shape, with the purpose of being conservative. DBH was measured in all trees within the plots.
Frequency of monitoring/recording	Prior to the verification process, measured all the DBH within the plots.
Value monitored:	28,683 trees have been measured in year 2020. DBH varies as per measurements taken on site.
Monitoring equipment	Rule to measure the height of 1.3 meter, once it has the height, a tape (forest type) is used for the circumference of each tree.
QA/QC procedures to be applied	A quality control procedure consisted in staff member periodical training. The staff members were trained to make DBH measurements without errors: using firstly a rule (to determine exactly where 1.3 meters height is located in their own bodies). Afterwards, they measured DBH in front of experts and member´s staff to achieve procedures consistency. There is a responsibility for the field coordinator to verify that the measures and the registration of the information is consistent.
Purpose of the data	Calculation of project emissions
Calculation method	To obtain the diameter is calculated with the formula Circumference= pi()*Diameter Diameter = Circumference/pi()
Comments	-n/a

Data / Parameter	H
Data unit	M
Description	Height of trees
Source of data	The equation was obtained using a regression; the set of data was measured in the year 2013.

Description of measurement methods and procedures to be applied	The PP determines the equation using field measurements, over 3000 data are used to obtain the equation. The value of the correlation coefficient meets the requirements of the standard. The Equation to obtain the H is: $H = -0.0077*DBH^2+0.8971*DBH+0.2663$ Where: H: Height (meters) DBH: Diameter Breast Height (cm)
Frequency of monitoring/recording	Prior the verification process.
Value monitored:	Variables depend on the value of DBH.
Monitoring equipment	Hypsometer was used during the field measurements to obtain the data. Excel spreadsheet was used to obtain the quadratic regression.
QA/QC procedures to be applied	When referring to this electronic device, it was checked for the correct visualization of the display. The hypsometer was always kept in safe places in order to avoid display rupture. The equipment was always full of batteries and back up batteries were always available in case of emergency. Make control measurements using all involved equipment (human error should be minimized at minimum with well training and cross-checked control measurement activities).
Purpose of the data	Calculation of project emissions
Calculation method	NA
Comments	-

Data / Parameter	T
Data unit	Year
Description	Time period elapsed between two successive estimations of carbon stock
Source of data	Recorded time
Description of measurement methods and procedures to be applied	N/A
Frequency of monitoring/recording	N/A
Value monitored:	01-January-2020 to 31-December-2020 Total of 1 year.
Monitoring equipment	N/A
QA/QC procedures to be applied	N/A
Purpose of the data	Calculation of project emissions removals
Calculation method	NA
Comments	-

Data / Parameter	Volume table or equation
Data unit	m3
Description	Volume table or volume equation that predicts stem volume based on one or more measurements of the tree.
Source of data	Publication of University of Bangkok
Description of measurement methods and procedures to be applied	The equations are the following and depend on the Diameter and the High of the tree. For Stem biomass (WS) : Log WS = 0.9797 log (D2H) – 1.6902; r2 =0.9930 For Branch biomass (WB) : Log WB = 1.0605 log (D2H) – 2.6326; r2 =0.9567

	For Leaf biomass (WL) : Log WL = 0.7088 log (D2H) – 1.7383; r2 =0.8523 According to the tool "Demonstrating appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities" For ex post estimation of aboveground tree biomass an allometric equations is valid if: The equation was derived from a data set of at least 30 sample trees, and the value of coefficient of determination (R2) obtained was not less than 0.85.
Frequency of monitoring/recording	Before every verification event.
Value applied:	EB 65 Report Annex 28 A/R Methodological Tool ìDemonstrating appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activitiesî (Version 01.0.0). II. APPROPRIATENESS OF ALLOMETRIC EQUATIONS
Monitoring equipment	N/A
QA/QC procedures to be applied	Quality control/quality assurance (QA/QC) procedures prescribed under national forest inventory are applied. In the absence of these, QA/QC procedures from published handbooks, or from the IPCC GPG LULUCF 2003, may be applied.
Purpose of data	Calculation of project removals
Calculation method	N/A
Comments	These formulas are considered as globally applicable data, therefore, are valid for the project activity.
Frequency of monitoring/recording	Before every verification event.

4.3 Monitoring Plan

The aim of the Monitoring Plan is to record and monitor a number of different parameters in order to ensure that the project followed the corresponding methodology in the validated and registered PD and that the inputs to the carbon calculations are both accurate and up-to-date.

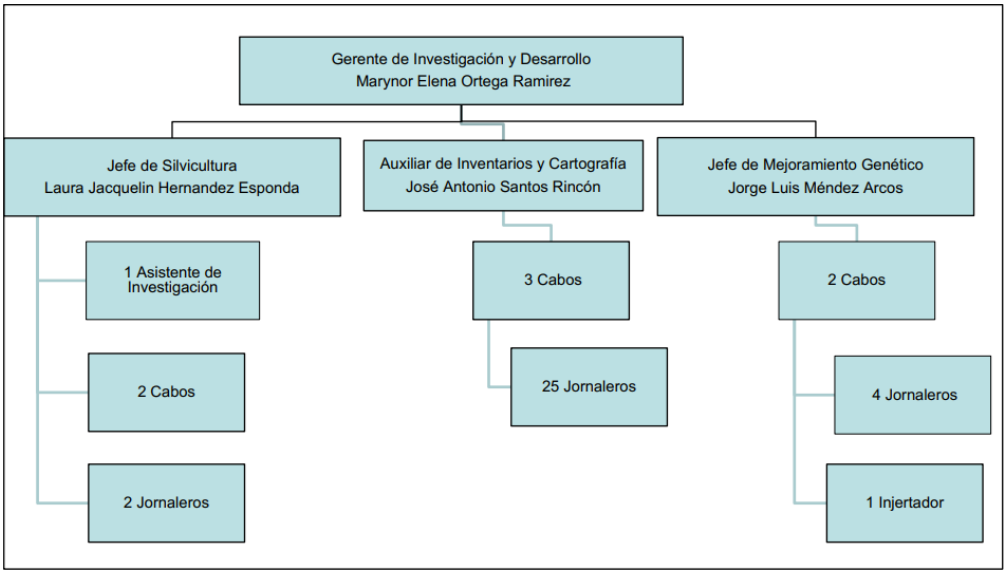
Monitoring stage comprised gathering information, performing calculations and making estimations of GHG removals. In this monitoring event, it is ensured that commonly established principles of forest inventory and management were put into practice. All data gathered as part of the monitoring plan was archived electronically and in hard copies and will be kept at least for two years after the end of the crediting period.

Because Proteak is a company listed on the Mexican Stock Exchange, it is audited annually by a third party; the auditors are independent and are hired by the Audit Committee which reports to the Board of Directors. For the field activities and the monitoring plan, the professional in charge of carrying out the supervision and recording of the activities is the "Inventory Manager", who is in charge of:

- Coordinate forest inventory
- Carry out forest inventory
- Process forest inventory information and reports

The annex 9 includes the "Roles and functions format of the Inventory Manager" and "Audit report of external auditors".

The organizational structure of the personnel that carried out the follow-up activities is presented below



Monitoring events were conducted in the period between the months of January 2020/December 2020.

The monitoring plan aims to:

1) Define indicators that allow the collection and analysis of information in a reliable way to evaluate the degree of performance of the project in the environmental, socio-economic, and silvicultural components within its management units.

2) Guide project staff in planning and preparing the Annual Activity Plan based on the prevention and mitigation of negative impacts that may be caused by the management and use of forest plantation activities.

3) Comply with the requirements of VCS.

The field data is statistically processed following data controls that are performed when planning, with 10% statistical error. After the data capture, a DBH filtering is performed, and the deviation of the values is calculated, and the confidence limits are estimated with a 5% error. These limits are considered to determine the volumes to be obtained in the future.

Sampling design and stratification.

Project boundaries are defined at the beginning of project activity and updated along the crediting period. Boundaries may vary or new strata may be created after disturbances effects (pests, droughts, fire) and boundaries will be redefined. Geographic

coordinates are established, recorded, and archived. A Geographic Information System will be implemented with the following basic layers:

Permanent sampling plots will be used for sampling over time to measure and monitor changes in carbon stocks of above and below ground biomass. The location of samples within the plot has been decided randomly to avoid any bias. The project boundary is supervised by monitoring parcels using GPS. Any changes in project boundary is accounted for in all calculations of actual net GHG removals by sinks. The monitoring methodology uses permanent sample plots to monitor carbon stock changes in above- and below-ground biomass pools. To reach the targeted precision level of about ±10% of the mean at the 90% confidence level in a cost-effective manner, the number of plots needed in each stratum has been determined following the equation 1 and 4r of the Methodological tool "Calculation of the number of sample plots for measurements within A/R CDM project activities" version 02.1.0.

$$n = \frac{N * t_{VAL}^2 * \left(\sum_i w_i * s_i \right)^2}{N * E^2 + t_{VAL}^2 * \sum_i w_i * s_i^2}$$

Where,

n = Number of sample plots required for estimation of biomass stocks within the project boundary; dimensionless

N = Total number of possible sample plots within the project boundary (i.e. the sampling space or the population); dimensionless

t_{VAL} =Two-sided Student's t-value, at infinite degrees of freedom, for the required confidence level; dimensionless

w_i = Relative weight of the area of stratum i (i.e. the area of the stratum i divided by the project area); dimensionless

s_i = Estimated standard deviation of biomass stock in stratum i; t d.m. (or t d.m. ha-1)

E = Acceptable margin of error (i.e. one-half the confidence interval) in estimation of biomass stock within the project boundary; t d.m. (or t d.m. ha-1), i.e. in the units used for i

The number of sample plots calculated is 289, according to the Tool due the first iteration is more than 30, then no further iteration is carried out and the value of n

obtained in the first iteration is the final value of n, thus n= 289· Nevertheless, the commitment of Proteak is to improve the error, therefore, the number of plots used in this monitoring period is: 1,552 plots.The monitoring process is done in accordance with several internal procedures and internal technical instructions part of the Quality Management System implemented in the company.

As a comparison of the requirements of the methodology and the highest effort of the PP to have an excellent monitoring process, they have an internal politic to make two types of measuring:

- Intensive measuring: For those plantations that have their first monitoring (3 years of age), the measuring program establishes that the measuring rate will be 1 plot per ha.

- Less intensive measuring: For those plantations that have their second monitoring and have at least 5 years of age, the measuring program establishes that the rate of measuring will be 1 plot per 5 ha.

5 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS

5.1 Baseline Emissions

It has been selected as the baseline scenario, it is assumed, in agreement with IPCC Good Practice Guidance for Land Use, Land Use Change and Forestry (2003) that the net GHG removals by sinks in the baseline equals zero[12].

5.2 Project Emissions

According to the methodology AR-ACM0003 version 01.0.0 is stated that if biomass distribution over the project area is not homogeneous, stratification should be carried out to improve the precision of biomass estimation.

In the case of the project activity there are different conditions of the plantations such as the weather conditions (there are variations in the state of Nayarit and Tabasco-Chiapas), the type of seed used (clone seed or normal seed) and the year of plantation. Both variables directly affect the biomass distribution of the project activity, the type of seed and weather conditions are involved in the variable of growth curve.

The actual net GHG removals by sinks shall be calculated as follows:

$$\Delta C_{ACTUAL,t} = \Delta C_{P,t} - GHG_{E,t}$$

- $\Delta C_{ACTUAL,t}$= Actual net GHG removals by sinks, in year t; tCO_2-e
- $\Delta C_{P,t}$= Change in the carbon stocks in project, occurring in the selected carbon pools, in year t; tCO_2-e

[12] The Intergovernmental Panel on Climate Change (IPCC). (2003). SUPPLEMENTARY METHODS AND GOOD PRACTICE GUIDANCE ARISING FROM THE KYOTO PROTOCOL. En L.-U. C. Good Practice Guidance for Land Use, *Good Practice Guidance for Land Use, Land-Use Change and Forestry* (pág. 377). Hayama, Kanagawa , Japan: Institute for Global Environmental Strategies.https://www.ipcc-nggip.iges.or.jp/public/gpglulucf/gpglulucf_files/GPG_LULUCF_FULL.pdf

- $GHG_{E,t}$ = Increase in non-CO_2 GHG emissions within the project boundary as a result of the Implementation of the A/R project activity, in year t, as estimated in the tool "*Estimation of non- CO2 GHG emissions resulting from burning of biomass attributable to an A/R CDM project activity*"; tCO_2-e.

The increase in GHG emissions as a result of the implementation of the proposed A/R CDM project activity within the project boundary can be estimated as:

$$GHG_E = \sum_{t=1}^{t} GHGE,t\, GHGE,t$$

Where,

- GHG_E = Increase in GHG emissions as a result of the implementation of the proposed A/R CDM project activity within the project boundary; t CO_2-e
- $GHG_{E,t}$= Increase in non- CO_2 emissions due to burning of biomass of existing woody vegetation as part of site preparation in year t, as estimated in the tool "*Estimation of non CO2 GHG emissions resulting from burning of biomass attributable to an A/R CDM project activity*"; tCO2-e t= 1,2,3,….t* years elapsed since the start of the A/R CDM project activity

Proteak UNO S.A.B. DE C.V. uses a procedure for land preparation which demonstrates (and it is audited as part of the ISO 9001 certification) that no biomass is burned during site preparation, so there will be no GHG emissions from biomass burning.

$$GHG_E=0$$

Thus, change in the carbon stocks in project, occurring in the selected carbon pools in year t shall be calculated as follows:

$$\Delta C_{P,t} = \Delta C_{TREE\_PROJ,t} + \Delta C_{SHRUB\_PROJ,t} + \Delta C_{DW\_PROJ,t} + \Delta C_{LI\_PROJ,t} + \Delta SOC_{AL,t}$$

- $\Delta C_{P,t}$: Change in the carbon stocks in project, occurring in the selected carbon pools, in year t; tCO2-e
- $\Delta C_{TREE\_PROJ,t}$: Change in carbon stock in tree biomass in project in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; tCO2-e

- $\Delta C_{SHRUB\_PROJ,t}$: Change in carbon stock in shrub biomass in project in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; tCO2-e
- $\Delta C_{DW\_PROJ,t}$ Change in carbon stock in dead wood in project in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities"; tCO2-e
- $\Delta C_{LI\_PROJ,t}$: Change in carbon stock in litter in project in year t, as estimated in the tool "Estimation of carbon stocks due to the implementation of A/R CDM project activities", as estimated in the same tool; tCO2-e
- $\Delta SOC_{AL,t}$: Change in carbon stock in SOC in project, in year t, in areas of land meeting the applicability conditions of the tool "Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM project activities", as estimated in the same tool; tCO2-e Estimation of GHG emissions within the project boundary

The baseline net GHG removals by sinks shall be calculated as follows:

$$\Delta C_{BSL,t} = \Delta C_{TREE\_BSL,t} + \Delta C_{SHRUB\_BSL,t} + \Delta C_{DW\_BSL,t} + \Delta C_{LI\_BSL,t}$$

- $\Delta C_{BSL,t}$: Baseline net GHG removals by sinks in year t; t CO2-e
- $\Delta C_{TREE\_BSL,t}$: Change in carbon stock in baseline tree biomass within the project boundary in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; t CO2-e
- $\Delta C_{SHRUB\_BSL,t}$: Change in carbon stock in baseline shrub biomass within the project boundary, in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; t CO2-e
- $\Delta C_{DW\_BSL,t}$: Change in carbon stock in baseline dead wood biomass within the project boundary, in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities"; t CO2-e
- $\Delta C_{LI\_BSL,t}$: Change in carbon stock in baseline litter biomass within the project boundary, in year t, as estimated in the tool "Estimation of carbon stocks

and change in carbon stocks in dead wood and litter in A/R CDM project activities"; t CO2-e

Estimation of tree biomass using the BEF technique

In this technique volume tables or volume equations are used to convert tree dimensions to stem volume of trees. Stem volume of trees is converted to above-ground tree biomass using density and biomass expansion factors, and the above-ground tree biomass is expanded to total tree biomass using root-shoot rations. This is estimated as:

$$B_{TREE,j,p,I,t} = V_{TREE} \times D_J \times BEF_{2,j} \times (1+R_j)$$

Where,

- $B_{TREE,j,p,I,t}$: Biomass of trees of species j in sample plot p of stratum I at a point of time in year t, t dry matter (d.m.)
- V_{TREE} = Stem volume of trees species j in sample plot p of stratum i at a point of time in year t, estimated by using the tree dimension(s) as entry data into a volume table or volume equation; m^3
- D_J: Density (overbark) of tree species j; t.d.m. m-
- $BEF_{2,j}$: Biomass expansion factor for conversion of stem biomass to above-ground tree biomass, for tree species j; dimensionless
- R_j: Root-shoot ratio for tree species j; dimensionless
- J: 1, 2, 3, tree species in plot p
- P: 1, 2, 3, sample plots in stratum i
- I: 1, 2, 3, tree biomass estimation strata within the project boundary

The calculation of the teak biomass was calculated by the following equations of Petmark and Sahunalu published in the research article of the University in Bangkok11. The equations are the following: activity"; tCO2-e

For Stem biomass (WS): Log WS = 0.9797 log (D2H) – 1.6902

r^2 =0.9930

For Branch biomass (WB): Log WB = 1.0605 log (D2H) – 2.6326

r^2 =0.9567

For Leaf biomass (WL): Log WL = 0.7088 log (D2H) – 1.7383

r^2 =0.8523

The sum of each formula will correspond to the mass per three.

Above and below ground biomass have been estimated according to the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activity". A summary of the main factors used, and each source of data are presented in the table below.

Estimations are archived as part of the project documentation and will be available for the validation team. Data used for estimating tree biomass are shown in the next table.

Parameter	Symbol	Value	Source
Basic density for teak tree (tonnes dry matter/m^3)	$D_{wood,j}$	0.5	Obtained from the IPCC. Table 3A.19 (*Tectona* Grandis).
Density of teak calculated with the formula of the tool (tonnes dry matter/m^3)	D_j	0.485	Using the formula of the Methodological tool: Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R project activities
Biomass expansion factor (dimensionless)	$BEF_{2,j}$	1.3	Values from Table 3A.1.10 of IPCC GPG LULUCF 2003. As the weather of the activity is tropical and is considered a forest type of pines.
Carbon Fraction (dimensionless)		0.47	According to the tools, this is the conservative value obtained from the IPCC.
Root-to-shoot ratio (dimensionless)		0.31	Obtained from the IPCC table 3A.1.8 of IPCC GPG LULUCF 2003. Used the lowest value as a conservative approach.

Soil organic carbon

Estimations of soil organic carbon (SOC) stocks were done in accordance with the "*Tool for the change in soil organic carbon stocks due to the implementation of A/R CDM project activity*". As suggested by the tool, it is assumed that the

implementation of the project activity increases the SOC content of the lands from the pre-project level to the level that is equal to the steady-state SOC content under native vegetation. The increase in SOC content in the project scenario takes place at a constant rate over a period of 20 years from the year of planting.

The project meets the applicability conditions of this tool due to:

- the areas of land to where the tool is applied do not fall into wetland category and are not subject to any of the land management practices and application of inputs listed in Tables 1 and 2 of the tool; The three applicability conditions can be demonstrated with the photos of each plantation, and the Environmental Impact Certificate, which demonstrate that the lands do not fall in wetland category and that the plantation had no inputs, in the same way the validation team could corroborate in the visit that the plantations follow the applicability conditions of the tool.

  Additionally, in this section details the type of land or category that the project plantations fall into, with this it is also demonstrated that the project plantations don't fall in the wetland category. The main soils related to the project plantations are: Gleysol, Rendzine, Regosols, Cambisols[13]

In the case of Regosols and Cambisols the tool classifies these soils as High Activity Clay (HAC), in the case of the Gleysol and Rendzine they're considered as land where the clay percentage is 24 and 29%, respectively[14], those lands can be considered as LAC. With this it is demonstrated that the project land does not fall in the wetland category.

Since the land use prior to project start is grassland, only Table 2 applies. For the tropical wet and tropical moist climate region corresponding to the project activity, none of the three combinations included in Table 2 are applicable.

Litter remains on site and is not removed, and soil disturbance is in accordance with appropriate conservation practices, limited to site preparation and not repeated within 20 years.

Parameter	Symbol	Value	Source
Reference SOC (tC/ha)	$SOC_{REF,i}$	44	Table 3 HAC Soil, Tropical, wet

[13] INEGI. Instituto Nacional de Estadistica y Geografía. Principales Tipos de Suelo. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/datosgeogra/fisigeo/suelos.cfm

[14] INEGI. Instituto Nacional de Estadística y Geografía. Perfiles de Suelo. Page 18. Available at: http://mapserver.inegi.gob.mx/geografia/espanol/prodyserv/prods-geograficos/perfiles/perf.pdf

			climate which is the most predominant.
Land use factor	$f_{LU,i}$	1	All permanent grassland is assigned a land-use factor of 1
Management	f_{MG}	0.70	As was demonstrated land is considered a degraded land
Input		1	All grassland without input fertilizers is assigned the input value of 1.

SOC at the beginning of the project ($SOC_{INITIAL,i}$) is estimated by multiplying the factors in Table by the reference SOC. As per the tool, a loss in SOC ($SOC_{LOSS,i}$) is applied in the case that soil disturbance occurs on more than 10 percent of the land area, for the case of the project activity this is not the case, therefore $SOC_{LOSS,i}$ is zero. The following methodological formula is used for calculating the annual change in SOC stock

$$dSOC_{t,i} = \frac{SOC_{REF,i} - (SOC_{INITIAL,i} - SOC_{LOSS,i})}{20\ years}$$

Where:

- $dSOC_{t,I}$ = The rate of change in SOC stock in stratum i of the area of land, in year t; tC/ha/year
- $SOC_{REF,i}$ = Reference SOC stock corresponding to the reference condition in native lands by climate region and soil types applicable to stratum i of the area of land; tC/ha
- $SOC_{INICIAL,I}$ = SOC stock at the beginning of the A/R project activity in stratum i of the areas of land
- $SOC_{LOSS,i}$ = Loss of SOC caused by soil disturbance attributable the A/R project activity, in stratum I of the areas of land ; tC/ha

The result of $d_{SOCt,i}$ is 0.66 t C/ha/year, therefore this is the value of the increase of the soil organic carbon

The long-term average calculation is shown below.

In the file "LONG TERM ESTIMATIONS 2020", there are the declarations of how many credits have been issued to date. This document can be consulted in the following route.

	2019	2020	TOTAL	Average
Total Trees Measured	29,817	28,683	**28,683**	**28,683**
Number of plots	1,467	1,552	**1,552**	**1,552**
Total Ha	5,344	5,344	**5,344**	**5,344**
Total CO2 of plots	9,135	11,160	**11,160**	**11,160**
Total tCO2	997,763	1,164,600	**1,164,600**	**1,164,600**
213,011	213,011	166,837		

Year t	Baseline scenario: todate GHG emission reductions and removals at year t	Project scenario: todate GHG emission reductions and removals at year t	Annual change in GHG benefit	Expected total GHG benefit todate	Total credits available each year
	tCO2e	tCO2e	tCO2e	tCO2e	VCUs
	BE	PE	PEt - Pet-1	Pet -BEt	
2008	0	0	0	0	0
2009	0	3765	3765	3765	3765
2010	0	19422	15657	19422	19422
2011	0	21444	2022	21444	21444
2012	0	13121	-8323	13121	13121
2013	0	1130	-11991	1130	1130
2014	0	-1451	-2581	-1451	-1451
2015	0	166668	168119	166668	166668
2016	0	122786	-43882	122786	122786
2017	0	162942	40156	162942	162942
2018	0	165056	2114	165056	165056
2019	0	183189	18133	183189	183189
2020	0	143479	-39710	143479	143479
2021	0	164091	20612	164091	164091
2022	0	166016	1925	166016	166016
2023	0	167941	1925	167941	167941
2024	0	169867	1926	169867	169867
2025	0	171791	1924	171791	171791
2026	0	173717	1926	173717	173717

2027	0	175642	1925	175642	175642
2028	0	177567	1925	177567	177567
2029	0	179492	1925	179492	179492
2030	0	181417	1925	181417	181417
2031	0	183342	1925	183342	183342
2032	0	185268	1926	185268	185268
2033	0	187192	1924	187192	187192
2034	0	0	0	0	0
2035	0	3765	3765	3765	3765
2036	0	19422	15657	19422	19422
2037	0	21444	2022	21444	21444
2038	0	13121	-8323	13121	13121
2039	0	1130	-11991	1130	1130
2040	0	-1451	-2581	-1451	-1451
2041	0	166668	168119	166668	166668
2042	0	122786	-43882	122786	122786
2043	0	162942	40156	162942	162942
2044	0	165056	2114	165056	165056
2045	0	183189	18133	183189	183189
2046	0	143479	-39710	143479	143479
2047	0	164091	20612	164091	164091
2048	0	166016	1925	166016	166016
2049	0	167941	1925	167941	167941
2050	0	169867	1926	169867	169867
2051	0	171791	1924	171791	171791
2052	0	173717	1926	173717	173717
2053	0	175642	1925	175642	175642
2054	0	177567	1925	177567	177567
2055	0	179492	1925	179492	179492
2056	0	181417	1925	181417	181417
2057	0	183342	1925	183342	183342
2058		185268	1926	185268	185268
2059	0	0	0	0	0
Sum				**6382596**	**127652**
LA				**127652**	

GHG removal for the total crediting period	6382596
Average	**127652**

5.3 Leakage

Leakage shall be estimated as follows:

$LK_t = LK_{AGRIC,t}$

Where:

- LKt = GHG emissions due to leakage, in year t; t CO_2-e
- $LK_{AGRIC,t}$ = Leakage due to the displacement of agricultural activities in year t, estimated in the tool "Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R project activity"; t CO_2-e

The calculation of the leakage emissions is the following equation.

$$LK_{Agric,t} = \frac{44}{12} * \frac{f}{T_{cred}} * \Delta Cd_t$$

Where:

- $LK_{Agric,t}$ = Leakage due to displacement of agricultural activities in year t (tCO2-e)
- f = Fraction of land covered by forest (according to the national definition of forest) in the region containing the project activity (dimensionless)
- T_{cred} = Number of years in the first crediting period (dimensionless)
- ΔCd_t = Sum of annual changes in carbon stock in all selected carbon pools since the start of the project activity to the year of verification tver attributable to the area subject to pre project agricultural activities that are displaced during year t since the start of the project activity (t C).
- t = 1,2,3, t year elapsed since the start of the project activity.
- 44/12 = Ratio of molecular weight of CO2 to carbon (tCO2-e tC-1)

All the plantations are grassland; therefore, these emissions are not considered in the project activity, this assumption is supported with the photo of each plantation

According to the AFOLU requirements state that the Methodologies shall establish procedures to quantify all significant sources of leakage. Leakage is defined as any increase in GHG emissions that occur outside the project boundary (but within the same

country) and is measurable and attributable to the project activities. The three types of leakage are:

1) Market leakage occurs when projects significantly reduce the production of a commodity causing a change in the supply and market demand equilibrium that results in a shift of production elsewhere to make up for the lost supply.

The land of the project activity did not have any forestry/agricultural use before the project activity; therefore, there was not any production of a commodity or something that can be involved with the leakage condition.

2) Activity-shifting leakage can result from, inter alia, the shifting of grazing animals, shifting of households or communities, shifting of aqua cultural or agricultural activities, or shifting of fuelwood collection (from non-tree sources). Leakage emissions may also result from transportation and machinery use.

The project activity is not related with the shifting of grazing animals or households or communities, therefore, this condition is neglected.

3) Ecological leakage occurs in WRC projects where a project activity causes changes in GHG Emissions or fluxes of GHG emissions from ecosystems that are hydrologically connected to the project area.

The project activity is not developed as a Wetland Restoration and Conservation project; therefore, thus, this leakage is not included.

5.4 Net GHG Emission Reductions and Removals

The non-permanence risk rating for each of the project areas is indicated below.

Risk Category	Ha's per state [2]	Overall risk
Chiapas	1587.73	14
Nayarit	118.76	14
Tabasco	3637.53	13.5
Overall Risk Rating		**14**

The net anthropogenic GHG removals by sinks shall be calculated as follows:

$$\Delta C_{AR\text{-}CDM,t} = \Delta C_{ACTUAL,t} - \Delta C_{BSL,t} - LK_{,t}$$

Where:

- $\Delta C_{AR\text{-}CDM,t}$: Net anthropogenic GHG removals by sinks, in year t; tCO2-e
- $\Delta C_{ACTUAL,t}$: Actual net GHG removals by sinks, in year t; tCO2-e
- $\Delta C_{BSL,t}$: Baseline net GHG removals by sinks, in year t; tCO2-e
- $LK_{,t}$: GHG emissions due to leakage, in year t; tCO2-e

The actual net GHG removals by sinks shall be calculated as follows:

$$\Delta C_{ACTUAL,t} = \Delta C_{P,t} - GHG_{E,t}$$

Where,

- $\Delta C_{P,t}$: Change in the carbon stocks in project, occurring in the selected carbon pools, in year t, t CO2-e $GHG_{E,t}$
- $GHG_{E,t}$: Increase in non-CO2 GHG emissions within the project boundary as a result of the implementation of the project activity in year t, as estimated in the tool "Estimation of non-CO2 GHG emissions resulting from burning of biomass attributable to an A/R CDM project activity", t CO2-e,

The change in the carbon stocks in project, occurring in the selected carbon pools in year t shall be calculated as follows:

$$\Delta C_{P,t} = \Delta C_{TREE\_PROJ,t} + \Delta C_{SHRUB\_PROJ,t} + \Delta C_{DW\_PROJ,t} + \Delta C_{LI,PROJ,t} + \Delta C_{SOCAL,t}$$

Where,

- $\Delta C_{P,t}$: Change in the carbon stocks in the project, occurring in the selected carbon pools, in year t; tCO2-e.
- $\Delta C_{TREE\_PROJ,t}$: Change in carbon stock in tree biomass in project in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; tCO2-e
- $\Delta C_{SHRUB\_PROJ,t}$: Change in carbon stock in shrub biomass in project in year t, as estimated in the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities"; tCO2-e
- $\Delta C_{DW\_PROJ,t}$: Change in carbon stock in dead wood biomass in project in year t, as estimated in the tool "Estimation of carbon stocks and change in dead wood and litter in A/R CDM project activities"; tCO2-e

- $\Delta C_{LI,PROJ,t}$: Change in carbon stock in litter in project in year t, as estimated in the tool "Estimation of carbon stocks and change in dead wood and litter in A/R CDM project activities"; tCO2-e
- $\Delta CSOC_{AL,t}$: Change in carbon stock in SOC in project, in year t, in areas of land meeting the applicability conditions of the tool " Tool for estimation of change in soil organic carbon stocks due to the implementation of A/R CDM project activities", as estimated in the same tool; tCO2-e.

Correction for large maximum allowable relative error. The maximum allowable relative error of the mean tree biomass is calculated using the following equation:

RE_{max} = ,$\mu b_{TREE,t}$

Where:

- RE_{max} = Maximum relative error, %
- $Ub_{TREE,t}$ = Uncertainty of the mean tree carbon per hectare within the project boundary at time t; %.
- T = 1, 2, 3 … years counted from the start of the A/R CDM project activity

The PP demonstrates that the relative error is 0.03%, therefore, since this value is less than 10%, the deduction rate is 0%.

FRESH BREEZE AFFORESTATION PROJECT

					Buffer	*14%*
Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	GHG emission reductions or removals (tCO_2e)	AFOLU pooled buffer account	Net GHG emission reductions or removals (tCO_2e) After Risk Tool
2020	0	166,837	0	166,837	23,357	143,480
Total	**0**	**166,837**	**0**	**166,837**	**23,357**	**143,480**

Net VCUs to be issued	**143479**