VERIFICATION REPORT

Inner Mongolia Keyihe IFM （conversion of logged to protected forest）Project

Document Prepared By CHINA QUALITY CERTIFICATION CENTER

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Prepared By	CHINA QUALITY CERTIFICATION CENTER
Contact	Section 9, No.188, Nansihuan (the South Fourth Ring Road)Xilu (West Road), Beijing, China;+8610-83886649
Approved By	MR.Song Xiangdong
Work Carried Out By	Mr.Hong Dajian, Ms. Nie Xi , Ms.Wu Shuhong, Mr. Zhu Jianhua

Summary:

CHINA QUALITY CERTIFICATION CENTER (CQC) has conducted the verification of Inner Mongolia Keyihe IFM (conversion of logged to protected forest) Project, implemented by Inner Mongolia Keyihe Forest Industry LLC, which is located in Oroqen Autonomous Banner, Hulun Buir City, Inner Mongollia Autonomous Region of China, and applying the VCS methodology VM0010 version 1.3, on the basis of VCS Standard Version 4.0, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The verification scope is defined as an independent and objective review and ex-post determination of the monitored GHG emission reductions, and consisted of the following three phases: i) desk review of the project design, the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion. The overall verification, from Contract Review to Verification Report & Opinion, was conducted using CQC internal procedures.

1 Corrective Actions Request (CAR) and 1 Clarification (CL) were raised in the process of verification. Project Participant took corrections and revised the MR. The CAR and CL were successfully closed.

In summary, CQC confirms that the project is implemented as planned and described in the validated VCS project description. The forestry management conversion includes 20,526 ha logged to Protected Forest (LtPF) spreading over Kuya department, Molengge department, Suotuhan department, Tele department, Tuohe department of Inner Mongolia Keyihe Forest Industry LLC, with a total of 1,969 sub-compartments. The monitoring system is in place and reduces the GHG emissions as anthropogenic GHG removals by sinks. The GHG emission removals by sinks verified totalize 492,793 tCO_2e (VCUs eligible for issuance) with the annual emission reduction of 164,264 tCO_2e, with buffer deduction for the second monitoring period.

Our opinion relates to the projects' actual net GHG removals by sinks and resulting net anthropogenic GHG removals by sinks is reported and related to the valid and registered project baseline, monitoring plan and its associated documents.

Reporting period	01/07/2017 to 30/06/2020
Net greenhouse gas emissions in the baseline scenario	214,731
Net greenhouse gas emissions in the project scenario	-417,058
GHG emissions due to leakage	0
Total number of credits withheld in VCS buffer account	138,995
Net anthropogenic GHG removals by sinks	492,793

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1. INTRODUCTION

1.1 Objective

Beijing Shengdahuitong Carbon Management Co., Ltd. has commissioned CQC to verify the emission removals of the Inner Mongolia Keyihe IFM (conversion of logged to protected forest) Project (hereafter referred to as "the Project") for the period from 01/07/2017 to 30/06/2020. CQC as the validation/verification body (VVB) of the Project has been accredited as a DOE by VERRA and UNFCCC and also meets the competence requirements as set out in ISO 14065:2007.

The objective of verification is to verify the reported voluntary emission removals generated by the Project for the period from 01/07/2017 to 30/06/2020 and to confirm that actual monitoring systems and procedures are in compliance with that described in the monitoring plan and the additional requirements stated by the Verra.

1.2 Scope and Criteria

The verification scope is defined as an independent and objective review of the VCS project description (VCS-PD)/1/, VCS monitoring report (VCS-MR)/2//3/ and other relevant documents list below. The information in these documents is reviewed against VCS version 4.0 requirements, UNFCCC rules and associated interpretations.

The verification is not meant to provide any consulting towards the client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project monitoring towards reductions in the GHG emissions.

The verification is carried out on the basis of the following requirements, applicable for this project activity:

- VCS Program Guide, version 4.0, dated 19/09/2019/12/
- VCS Standard, version 4.0, dated 19/09/2019 /11/
- Registration & Issuance Process, version 4.0, dated 19/09/2019 /13/
- VCS Validation and Verification Manual, version 3.2, dated 19/10/2016/15/
- VM0010, Version 1.3 "Methodology for Improved Forest Management: Conversion from Logged to Protected Forest"/10/
- AFOLU Non-Permanence Risk Tool, version 4.0, dated 19/09/2019/14/
- Other rules and requirements

1.3 Level of Assurance

CQC has undertaken a reasonable assurance engagement in accordance with VCS version 4.0. It requires a reasonable level of assurance in verification that GHG assertions are free of material errors, omissions and misrepresentations. The verification conclusion is based on the VCS-PD[/1/], VCS-MR[/2//3/], supporting evidences made available to the verifier and information collected through performing interviews and on-site inspection.

1.4 Summary Description of the Project

The Project is located in Oroqen Autonomous Banner, Hulun Buir City, Inner Mongolia Autonomous Region, P.R.C, with the geo-coordinate range of 122°13′00″E~123°00′30″E and 50°09′00″N~50°46′52″N. The annual estimated emission removals with buffer deduction are 100,279 tCO_2e for the 30 years crediting period.

The Project involves 20,526 ha logged to Protected Forest (LtPF) project which belongs to the improvement forestry management (IMF). It applies methodology VM0010 version 1.3 “Methodology for Improved Forest Management: Conversion of Logged to Protected Forest”. The protected species are Birch and Larch.

The Project Start Date is 01/01/2013, which is indicated in the notice on the forbidding commercial logging issued by Keyihe Forestry Bureau on 18/12/2012[/19/]. It is indicated in this notice that from 01/01/2013 the commercial timber harvest was strictly forbidden in the project area.

The project generated 506,367t CO_2e emission reductions within the first monitoring period from 01/01/2013 to 06/30/2017 with the average annual emission reductions of 112,526 tCO_2e[/9/].

During the second monitoring period from 01/07/2017 to 30/06/2020, the project generated 492,793 tCO_2e (VCUs eligible for issuance) with the annual emission reduction of 164,264 tCO_2e with buffer deduction.

2. VERIFICATION PROCESS

2.1 Method and Criteria

The overall verification, from Contract Review to Verification Report & Opinion, was conducted using CQC's internal procedures.

CQC verified the project against the VM0010, Version 1.3 "Methodology for Improved Forest Management: Conversion from Logged to Protected Forest", and requirements set in VCS Standard version 4.0.

2.2 Document Review

The assessment of the project documentation provided by the project participant is based upon both quantitative and qualitative information on emission reductions. Quantitative information comprises the reported numbers in the VCS monitoring report (MR) version 02 dated 10/09/2020/2/ and MR-ER spread sheet version 02 dated 10/09/2020/4/. Qualitative information comprises information on internal management controls, calculation procedures, procedures for transfer of data.

In addition to the monitoring documentation provided by the project proponents, the CQC reviews:

(a) The VCS-PD and the monitoring plan/1/;

(b) The validation report/31/;

(c) The applied monitoring methodology/10/;

(d) The non-permanence risk report/8/;

(e) The Verification Report for the 1st monitoring period/9/.

(f) Other information and references relevant to the project activity's resulting emission reductions (e.g. IPCC reports, 3rd party measurement reports or national regulations, evidence/statements from local authority).

2.3 Interviews

On 22/09/2020 and 23/09/2020, CQC performed a site visit and interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Local stakeholders and Representatives of Inner Mongolia Keyihe Forest Industry LLC were interviewed (see References). The main topics of the interviews are summarized as follows.

Date	Interviewee	Organization	Interview Topics
22/09/2020- 23/09/2020	Mr. Wang Yang Mr. Yao Xinfu Ms. Zhang JinJin Mr. Yu Kaiquan	Inner Mongolia Keyihe Forest Industry LLC (project owner) Beijing Shengdahuitong Carbon Management Co., Ltd. (consultant)	-Technical details of the project - Sampling plot - Project Boundary - Monitoring plan and arrangements - Monitoring data -Project activity starting date -Ownership - Project risk - Project activity starting date - project management and monitoring -Non-Permanence Risk Analysis -Uncertainty assessment -ER calculation

2.4 Site Inspections

On 22/09/2020 and 23/09/2020, CQC verification team performed the site inspection with the project proponent of the project activity. During this site inspection, interviews with the representatives of the project owner, the consultant were carried out to confirm selected information and to resolve issues identified in the document review.

2.5 Resolution of Findings

The objective of this phase of the verification is to resolve issues related to the monitoring, implementation and operations of the registered project activity that could impair the capacity of the project activity to achieve emission removals or influence the monitoring and reporting of emission removals prior to CQC's positive conclusion on the GHG emission removals calculation.

Findings established during the verification can either be seen as a non-fulfilment of criteria ensuring the proper implementation of a project or where a risk to deliver high quality emission reductions is identified.

A Corrective Action Request (CAR) is raised, if one of the following situations occurs:

(a) Non-compliance with the monitoring plan or methodology are found in monitoring and reporting and has not been sufficiently documented by the project participants, or if the evidence provided to prove conformity is insufficient;

(b) Modifications to the implementation, operation and monitoring of the registered project activity has not been sufficiently documented by the project participants;

(c) Mistakes have been made in applying assumptions, data or calculations of emission reductions that will impact the quantity of emission reductions;

(d) Issues identified in a FAR during validation to be verified during verification or previous verification(s) have not been resolved by the project participants.

A Clarification Request (CL) is raised, if information is insufficient or not clear enough to determine whether the applicable VCS requirements have been met.

A Forward Action Request (FAR) is raised, for actions if the monitoring and reporting require attention and/or adjustment for the next verification period.

To guarantee the transparency of the verification process, the concerns raised are documented in more detail in Appendix A.

1 CAR and 1 CL were raised during the verification, presented in Appendix B. Taking into account this output, the Project participant took corrections and revised its Monitoring Report. All CARs and CLs are successfully closed.

No FAR and no other findings raised during the verification.

2.5.1 Forward Action Requests

No Forward Action Request is raised during this monitoring period.

2.6 Eligibility for Validation Activities

CQC as the validation/verification body (VVB) of the Project has been accredited as a DOE by UNFCCC and also meets the competence requirements as set out in ISO 14065:2007.

3. VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

N/A, the project has not been registered, or is seeking registration under any other GHG programs Hence, CQC verification team confirms that the project is eligible to participate under the VCS Program.

3.2 Methodology Deviations

N/A, no deviation from methodology.

3.3 Project Description Deviations

N/A, no deviation from project description in the VCS PD version 03 dated 15/11/2017.

3.4 Grouped Project

N/A, the project is not a grouped project.

4. VERIFICATION FINDINGS

4.1 Project Implementation Status

CQC has performed a site visit and found that the Project has been implemented since 01/01/2013, when a notice[/19/] issued by local forest authority that from 01/01/2013 the commercial timber harvest was strictly forbidden in the project area. On the basis of this site visit and the reviewed project description it can be confirmed that, the improved forestry management, i.e conversion of logged to protection forest (Protected species are: Larch and Birch) are implemented.

The forestry management conversion includes 20,526 ha logged to Protected Forest (LtPF). The project activity, as well as the monitoring plan have been implemented and managed as described in the VCS PD.

CQC has on site checked the boundary of the Project and confirmed they are consistent with those stated in the VCS PD.

The project generated 506,367t CO_2e emission reductions within the first monitoring period from 01/01/2013 to 30/06/2017 with the average annual emission reductions of 112,526 t CO_2e. During the second monitoring period from 01/07/2017 to 30/06/2020, the project generated 492,793 tCO_2e (VCUs eligible for issuance) with the annual emission reduction of 164,264 tCO_2e with buffer deduction.

On the basis of site visit and the reviewed project description, CQC confirms no changes to the project design have been identified during this verification. The implementation and operation of the project activity have been conducted in accordance with the description contained in the VCS PD.

On the basis of on site inspection and Monitoring Manual/22/ and Monitoring Records/27/ provided by project owner, CQC confirms that there is no material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology.

Based on the above findings, CQC confirms that the project has been implemented as described in the project description during the second monitoring period.

4.2 Safeguards

4.2.1 No Net Harm

During the site visit, CQC team interviewed the PP, the consultant and confirms the project activity is compliance with National and Local Laws and Regulations and no negative environmental and socio-economic impacts identified.

4.2.2 Local Stakeholder Consultation

Local Stakeholder Consultation were conducted by distributing 40 questionnaires/30/ to collect the stakeholders' comments prior to the start of the project activity. There were no adverse comments on the project activity. The summary of comments presented in the MR has been cross-checked with the questionnaires and found to be complete.

By means of on site interviewing and checking the PRA document/20/, CQC confirms that the project proponent continues to communicate with the local stakeholders with regard to the necessary relevant information about the project implementation, risks, costs and benefits, relevant laws and regulations and the process of VCS Program verification during the monitoring period, and no adverse comments on the project activity were received.

4.3 AFOLU-Specific Safeguards

As a result of the project implementation, the once commercial harvest is cancelled and only tending and managing is permitted. In order to mitigate the risks for fire and other natural disturbance, the project owner hired more patrollers and equipped with more sensors to invest on disturbance prevention.

By means of on site interviewing and checking the PRA document, CQC confirms:

Though the forbidden of harvesting activity would reduce the job opportunity, however, the incomes of local people has increased by picking and selling mushroom and fungus. The project has not negatively impacted the property and land use rights of the local stakeholders, and no conflicts were identified between the project proponent and local stakeholders.

4.4 Accuracy of GHG Emission Reduction and Removal Calculations

Data and Parameters Monitored:

Monitoring has been carried out in accordance with the monitoring plan contained in the VCS PD.

The parameters required by the monitoring plan and how CQC has verified the information flow (from data generation, aggregation, to recording, calculation and reporting) and appropriateness of the applied measurement / determination method, the correctness of the values applied for emission removals calculation, the accuracy, and applied QA/QC measures for all relevant monitoring parameters including the values in the monitoring report are described below:

- Illegal Logging PRA Results;

The value is zero since clear infrastructure, hiring and policies are in place to prevent illegal logging. CQC has checked the documents Participatory Rural Appraisal (PRA)/20/ provided by the project proponent and confirmed there is no illegal logging happened during this monitoring period. Hence, the value is zero in this monitoring period.

- Result of Limited Illegal Logging Survey;

CQC has checked the documents participatory rural appraisal (PRA) provided by project proponent and confirmed there is no illegal logging during this monitoring period. Hence, the value is zero in this monitoring period.

- $A_{burn,i,t}$ Area burnt in stratum i at time t

During on site visit, CQC verification team interviewed the staff of Inner Mongolia Keyihe Forest Industry LLC, and confirms there is no forest fire during this monitoring period, which also have

been confirmed by local forest bureau[23] as well as the PRA document. Therefore, $A_{burn,i,t}$ is zero in this monitoring period.

- $A_{dist,i,t}$, Area disturbed in stratum i at time t

During the on site visit, CQC verification team reviewed Statement on fire and natural disturbance issued by the local forestry authority on Sep 2020[23], and confirms that there is no fire and natural disturbance occurred since the start of the project activity. Hence, the value of $A_{dist,i,t}$=0.

- $A_{DIST\_IL,i}$: Area potentially impacted by illegal logging in stratum i

As stated above, there is no illegal logging during this monitoring period, Hence, the value of $A_{DIST\_IL,i}$=0.

- $C_{DIST\_IL,i,t|PRJ}$: biomass carbon of trees cut and removed through illegal logging in stratum i at time t

As stated above, there is no illegal logging during this monitoring period. Hence, the value of $C_{DIST\_IL,i,t|PRJ}$=0

- A_{Pi}: Total area of illegal logging sample plots in stratum i

N/A, no illegal logging during this monitoring period.

- PMP_i: Merchantable biomass as a proportion of total above ground tree biomass for stratum i within the project boundaries

N/A. As the leakage factor of this project is zero which was confirmed at the validation period and this verification period. CQC verification team confirms that it is unnecessary to calculate PMP_i .

- A_i: Area covered by stratum i

The A_i is from the national second class forest investigation[32], and has been confirmed in validation stage. During on site visit, CQC verification team confirms that no unexpected disturbances occurred during this monitoring period. Therefore, A_i has not been changed, and area covered by each stratum is as follows, which is consistent with A_i in PD.

Serial number of strata	Area (ha)	Tree species
1	10,454	Birch
2	10,072	Larch
Total	20,526	

- Diameter at breast height of tree (DBH)

Based on on-site visit, CQC confirms the DBH of trees in sample plots were achieved by field measurement using standard operating procedures prescribed under national forest inventory. CQC checked the Monitoring Records[/27/] of sample plots and concludes the values in the records are reliable.

Based on the measured DBH of each tree in sample plots[/27/], and applying the timber Volume Table[/21/] developed by Inner Mongolia Keyihe Forest Bureau, timber volume of each sample plot was achieved as follows:

NO.	ID	Area (ha)	Species	Volume of sample plot （in June 2020，m^3）	Volume of per unit （in June 2020，m^3/ha）
1	BH-TH-1	0.04	Birch	4.41	110.20
2	BH-TH-2	0.04	Birch	4.90	122.60
3	BH-TH-3	0.04	Birch	4.83	120.80
4	BH-TH-4	0.04	Birch	4.51	112.80
5	BH-TH-5	0.04	Birch	4.51	112.80
6	BH-TH-6	0.04	Birch	4.27	106.70
7	BH-TH-7	0.04	Birch	5.12	128.10
8	BH-TH-8	0.04	Birch	5.10	127.60
9	BH-TH-9	0.04	Birch	4.14	103.50
10	BH-TH-10	0.04	Birch	5.78	144.60
11	BH-TH-11	0.04	Birch	5.87	146.80
12	BH-TH-12	0.04	Birch	6.13	153.30
13	BH-TH-13	0.04	Birch	4.02	100.50
14	BH-STH-1	0.04	Birch	2.78	69.40
15	BH-STH-2	0.04	Birch	4.52	113.00
16	BH-STH-3	0.04	Birch	4.45	111.20
17	BH-STH-4	0.04	Birch	3.43	85.80
18	BH-STH-5	0.04	Birch	4.66	116.60

19	BH-STH-6	0.04	Birch	3.93	98.20
20	BH-STH-7	0.04	Birch	3.93	98.20
21	BH-STH-8	0.04	Birch	4.18	104.40
22	BH-STH-9	0.04	Birch	4.86	121.50
23	BH-STH-10	0.04	Birch	4.57	114.20
24	BH-STH-11	0.04	Birch	3.68	92.10
25	BH-STH-12	0.04	Birch	3.40	85.00
26	BH-KY-1	0.04	Birch	3.98	99.60
27	BH-KY-2	0.04	Birch	4.10	102.60
28	BH-KY-3	0.04	Birch	3.67	91.70
29	BH-KY-4	0.04	Birch	3.71	92.80
30	BH-KY-5	0.04	Birch	3.71	92.80
31	BH-KY-6	0.04	Birch	4.17	104.30
32	BH-KY-7	0.04	Birch	3.94	98.40
33	BH-KY-8	0.04	Birch	4.03	100.70
34	BH-KY-9	0.04	Birch	4.94	123.40
35	BH-KY-10	0.04	Birch	3.82	95.60
36	BH-MLG-1	0.04	Birch	3.82	95.50
37	BH-MLG-2	0.04	Birch	4.01	100.30
38	BH-TL-1	0.04	Birch	5.15	128.80
39	BH-TL-2	0.04	Birch	4.63	115.80
Average	/	/	Birch	/	108.77
40	LYS-TH-1	0.04	Larch	6.12	152.90
41	LYS-TH-2	0.04	Larch	5.45	136.30
42	LYS-TH-3	0.04	Larch	6.55	163.80
43	LYS-TH-4	0.04	Larch	4.97	124.30
44	LYS-TH-5	0.04	Larch	5.26	131.50

45	LYS-TH-6	0.04	Larch	5.26	131.50
46	LYS-TH-7	0.04	Larch	3.93	98.30
47	LYS-TH-8	0.04	Larch	3.93	98.30
48	LYS-TH-9	0.04	Larch	5.26	131.60
49	LYS-TH-10	0.04	Larch	5.94	148.60
50	LYS-TH-11	0.04	Larch	7.10	177.50
51	LYS-TH-12	0.04	Larch	7.98	199.40
52	LYS-TH-13	0.04	Larch	7.98	199.40
53	LYS-TH-14	0.04	Larch	4.74	118.40
54	LYS-TH-15	0.04	Larch	4.56	114.00
55	LYS-TH-16	0.04	Larch	4.00	100.00
56	LYS-TH-17	0.04	Larch	4.00	100.00
57	LYS-TH-18	0.04	Larch	4.00	99.90
58	LYS-TH-19	0.04	Larch	3.71	92.80
59	LYS-TH-20	0.04	Larch	4.00	100.00
60	LYS-TH-21	0.04	Larch	5.59	139.80
61	LYS-TH-22	0.04	Larch	4.22	105.60
62	LYS-TH-23	0.04	Larch	6.78	169.60
63	LYS-TH-24	0.04	Larch	6.78	169.60
64	LYS-TH-25	0.04	Larch	6.78	169.60
65	LYS-TH-26	0.04	Larch	6.74	168.50
66	LYS-TH-27	0.04	Larch	8.17	204.20
67	LYS-TH-28	0.04	Larch	8.88	222.10
68	LYS-TH-29	0.04	Larch	8.40	210.10
69	LYS-TH-30	0.04	Larch	3.91	97.70
70	LYS-TH-31	0.04	Larch	5.24	130.90
71	LYS-TH-32	0.04	Larch	8.71	217.80

72	LYS-TH-33	0.04	Larch	9.06	226.40
73	LYS-TH-34	0.04	Larch	7.50	187.60
74	LYS-STH-1	0.04	Larch	2.03	50.70
75	LYS-STH-2	0.04	Larch	3.66	91.60
76	LYS-STH-3	0.04	Larch	6.29	157.20
77	LYS-STH-4	0.04	Larch	6.53	163.30
78	LYS-STH-5	0.04	Larch	6.14	153.60
79	LYS-STH-6	0.04	Larch	6.14	153.60
80	LYS-STH-7	0.04	Larch	6.19	154.80
81	LYS-STH-8	0.04	Larch	6.94	173.50
82	LYS-STH-9	0.04	Larch	6.36	159.00
83	LYS-STH-10	0.04	Larch	8.79	219.70
84	LYS-STH-11	0.04	Larch	5.69	142.30
85	LYS-STH-12	0.04	Larch	3.61	90.20
86	LYS-STH-13	0.04	Larch	4.95	123.70
87	LYS-STH-14	0.04	Larch	4.95	123.70
88	LYS-STH-15	0.04	Larch	6.49	162.30
89	LYS-STH-16	0.04	Larch	6.49	162.30
90	LYS-KY-1	0.04	Larch	4.68	117.00
91	LYS-KY-2	0.04	Larch	6.42	160.60
92	LYS-MLG-1	0.04	Larch	3.07	76.80
93	LYS-MLG-2	0.04	Larch	3.77	94.20
94	LYS-MLG-3	0.04	Larch	3.77	94.20
95	LYS-MLG-4	0.04	Larch	3.50	87.50
96	LYS-MLG-5	0.04	Larch	3.50	87.50
97	LYS-MLG-6	0.04	Larch	4.16	103.90
98	LYS-MLG-7	0.04	Larch	5.54	138.40

99	LYS-MLG-8	0.04	Larch	2.06	51.60
100	LYS-MLG-9	0.04	Larch	2.06	51.60
101	LYS-MLG-10	0.04	Larch	4.40	109.90
102	LYS-MLG-11	0.04	Larch	4.44	111.10
103	LYS-TL-1	0.04	Larch	5.20	130.10
104	LYS-TL-2	0.04	Larch	6.56	164.00
105	LYS-TL-3	0.04	Larch	4.38	109.50
106	LYS-TL-4	0.04	Larch	6.42	160.50
107	LYS-TL-5	0.04	Larch	7.32	183.00
108	LYS-TL-6	0.04	Larch	7.32	183.00
Average	/	/	Larch	/	138.17

Parameters determined ex-ante:

The data and parameters available in the validation report are listed below:

- $V_{l,j,i,sp}$, Merchantable volume for tree l of species j in sample plot *sp* in stratum i
- CF_j , Carbon fraction of dry matter for species j. CF_j was determined ex-ante as 0.5 as per methodology and PD.
- D_j , Basic wood density of species j in t d.m/ m^3. D_j was determined ex-ante as 0.541 and 0.49_t d.m/ m^3 for Birch and Larch respectively in PD.
- $f_j(X,Y…)$, Allometric equation(s) for species j linking measured tree variable(s) to above ground biomass of living trees
- $BCEF_R$, Biomass conversion and expansion factor applicable to wood removals in the project area, t.d.m/m^3. BCEF was determined ex-ante as 0.741 and 0.686 t.d.m/m^3 for Birch and Larch respectively, which is sourced from "The People's Republic of China National Greenhouse Gas Inventory"[29].
- G_{gi} , Emission factor for stratum *i* for gas *g*
- RGR_i , Forest re-growth rate post timber harvest for stratum i
- $V_{EX,j,i|BSL}$, Mean volume of extracted timber per unit area for species j in stratum i

- $A_{i,p}$, Area covered by stratum i over land parcel p
- OF, Fraction of wood products that will be emitted to the atmosphere between 3 and 100 years after production;
- SLF, Fraction of wood products that will be emitted to the atmosphere within 3 years of production; and
- WW = Fraction of extracted biomass effectively emitted to the atmosphere during production
- $A_{1,i,p}$, The area of stratum *i* in land parcel *p* that was harvested 1 year ago
- $A_{2\text{-}10,i,p}$, The area of stratum *i* in land parcel *p* that was harvested between 2 and 10 year ago
- $A_{11\text{-}20,i,p}$, The area of stratum *i* in land parcel *p* that was harvested between 11 and 20 year ago
- A_{t^*}, Cumulative area harvested until time t*
- $A_{s,p}$, Area of sample plot s*p*

A complete set of data for the specified monitoring period is available. CQC confirms the data and parameters applied in Monitoring Report is consistent with the value determined ex-ante in PD.

Calculation process and results

(1) Baseline Emissions

According to the methodology, the net carbon stock change to be converted to emissions is equal to the carbon stock change as a result of timber harvest plus the carbon stock change resulting from conversion and retirement of wood products minus carbon sequestration from forest regrowth after harvest.

In order to generate the annual carbon stock change in the baseline scenario, the total net change in carbon stocks for parcels within is multiplied by the area of forest in the particular age class.

The annualized calculations vary between years 1, 2-10, 10-20, and all years since the start of the project activity, depending on which decay functions apply.

According to the methodology and the VCS PD, the net change in carbon stock from wood products and logging slash across all parcels within the first year of harvest in the baseline is calculated as:

$$\Delta C_{NET,BSL(1)} = \sum_{i=1}^{M} \sum_{p=1}^{p} A_{1,i,p} * \left(\left(\frac{\Delta C_{DWSLASH,i,p,BSL}}{10} \right) + \Delta C_{WP0,i,p,BSL} + (\Delta C_{WP100,i,p,BSL}/20) \right) \quad (1)$$

The net change in carbon stock from wood products and logging slash across all parcels in the years 2-10 since harvest in the baseline are calculated as:

$$\Delta C_{NET,BSL(2-10)} = \sum_{i=1}^{M}\sum_{p=1}^{p} A_{2-10,i,p} * \left(\left(\frac{\Delta C_{DWSLASH,i,p,BSL}}{10}\right) + (\Delta C_{WP100,i,p,BSL}/20)\right) \quad (2)$$

The net change in carbon stock from wood products across all parcels in the years 11-20 since harvest in the baseline are calculated as:

$$\Delta C_{NET,BSL(11-20)} = \sum_{i=1}^{M}\sum_{p=1}^{p} A_{11-20,i,p} * (\Delta C_{WP100,i,p,BSL}/20) \quad (3)$$

The net change (sequestration) in carbon stock due to forest regrowth across all parcels in all years since harvest in the baseline scenario are calculated as:

$$\Delta C_{NET,BSL(1+)} = \sum_{i=1}^{M}\sum_{p=1}^{p} A_{i,p,t^*} * (-\Delta C_{RG,i,p,BSL}) \quad (4)$$

Therefore, the net change in carbon stock across all parcels harvested over each year of the project crediting period in the baseline scenario since the start of the project activity is calculated as:

$$\Delta C_{NET,BSL,t^*} = \Delta C_{NET,BSL(1)} + \Delta C_{NET,BSL(2-10)} + \Delta C_{NET,BSL(11-20)} + \Delta C_{NET,BSL(1+)} \quad (5)$$

The net carbon stock change in the baseline scenario must be converted to net greenhouse gas emissions and is calculated as:

$$GHG_{NET,BSL,t^*} = \Delta C_{NET,BSL,t^*} * \frac{44}{12} \quad (6)$$

As per methodology, baseline projections are calculated ex-ante and are not adjusted through-out the project lifetime. CQC has checked the Emission Removals calculation sheet and registered VCS-PD and confirms the baseline calculation is correct. The value of baseline calculation is listed below:

Period	$GHG_{NET,BSL,t}$ (tCO_2e)
01/07/2017-31/12/2017	5,536
01/01/2018-31/12/2018	67,070
01/01/2019-31/12/2019	95,520
01/01/2020-30/06/2020	46,605
Total	**214,731**
Average annual $GHG_{NET|BSL}$	**71,577**

(2) Project Emissions

According to the methodology and the VCS PD, net greenhouse gas emissions in the project scenario will be equal to carbon sequestration through ongoing forest growth minus any emissions resulting from forest disturbance (both illegal logging and natural disturbances) .

- **Carbon sequestration through ongoing forest growth in the project scenario**

As per methodology and PD, the annual carbon stock change in aboveground biomass of trees in year *t* is the difference in mean carbon stock in aboveground biomass between sampling events and, when expressed in tCO_2e, is calculated as:

$$\Delta C_{AB,t,PRJ} = \left(\sum_{i=1}^{M}\left(A_i * \frac{C_{AB,i,t2,PRJ} - C_{AB,i,t1,PRJ}}{T}\right)\right) * \frac{44}{12} \quad (7)$$

where,

$\Delta C_{AB,t|PRJ}$, Annual carbon stock change in aboveground biomass of trees in year t, tCO_2e/yr

$C_{AB,i,t|PRJ}$, Mean aboveground biomass carbon stock of trees in stratum *i* at time *t*, tC/ha.

As per the verification report of 1st monitoring period, the mean volume for Birch and Larch at the end of the 1st monitoring period is 94.38m^3/ha and 121.39m^3/ha. Applying the BEF, D and CF, the mean aboveground biomass carbon stock for Birch and Larch was calculated as 34.98tC/ha and 41.64C/ha respectively at the end of the 1st monitoring period. Based on measured DBH of each tree of sample plots, the mean aboveground biomass carbon stock for Birch and Larch was calculated as 40.31 tC/ha and 47.39tC/ha respectively at the end of the this monitoring period.

Item	$V_{AB\|PRJ,2017}$ (m^3 ha^{-1})	$V_{AB\|PRJ,2020}$ (m^3 ha^{-1})	BEF	D (t.d.m. m^{-3})	CF	$C_{AB,i,2017\|PRJ}$ (m^3 ha^{-1})	$C_{AB,i,2020\|PRJ}$ (m^3 ha^{-1})
Birch	94.38	108.77	1.370	0.541	0.5	34.98	40.31
Larch	121.39	138.17	1.400	0.490	0.5	41.64	47.39

A_i, Area covered by stratum *i,* 10,454 ha and 10,072 ha *for* Birch and Larch respectively;

T, Number of years between monitoring time *t*1 and *t*2 (*T*=*t*2–*t*1), years. 3 years in this monitoring period;

i, 1, 2, 3 … M strata;

t, 1, 2, 3 … *t** years elapsed since the start of the project activity

Therefore, applying the equations (7), the $\Delta C_{AB,t|PRJ}$ *was calculated as follows,*

Strata	**$A_{i,p}$ (Ha)**	**$C_{AB,i,2020\|PRJ}$** (tC/ha)	**$C_{AB,i,2017\|PRJ}$** (tC/ha)	**$\Delta C_{AB,t\|PRJ}$** (tCO_2/ha/year)

Birch	10,454	40.31	34.98	139,019
Larch	10,072	47.39	41.64	

- **emissions resulting from forest disturbance**

CQC confirms that no natural disturbance happened during the monitoring period, and no illegal logging was noticed in this monitoring period. Therefore, emissions resulting from forest disturbance is 0 in this monitoring period.

CQC has checked the Emission Removals calculation sheet and confirms the calculation of project emission is in compliance with the methodology and correct. The project emission during this crediting period is listed in the following:

Period	$\triangle C_{DIST-FR,t,PRJ}$ (tCO_2e)	$\triangle C_{DIST,t,PRJ}$ (tCO_2e)	$\triangle C_{DIST\_IL,I,t,PRJ}$ (tCO_2e)	$\triangle C_{AB,t,PRJ}$ (tCO_2e)	$\triangle C_{NET,t,PRJ}$ (tCO_2e)
01/07/2017-31/12/2017	0	0	0	69,510	69,510
01/01/2018-31/12/2018	0	0	0	139,019	139,019
01/01/2019-31/12/2019	0	0	0	139,019	139,019
01/01/2020-30/06/2020	0	0	0	69,510	69,510
Total	**0**	**0**	**0**	417,058	417,058
Average annual value	**0**	**0**	**0**	139,020	139,020

（3）Leakage

- **Activity shifting leakage**

According to VM0010 version 1.3, there may be no leakage due to activity shifting. This was demonstrated through:

In China, the forest timber harvest is strictly controlled by the authority. The stated council issued the annual timber harvest volume limit to each province every five years at the beginning of every national 5-year plan. And the provincial forestry authority issued the timber harvest approval and restrictions to its subordinate based on its limit. And its subordinate forestry authority did the same way for the timber harvest and transportation approval as its superior issued.

Also, the China Forest Law[/26/] also clearly stipulates the punishment for the illegal logging, which not only requires 5-10 times compensation of replanting, but also 2-10 times economic penalty.

Definitely, in China, the timber harvest is tightly controlled by the forestry authority, the illegal logging is severely punished.Therefore, for the project activity, even if the project proponent has more than one forest parcels, the timber harvest limit is planned in advance by the forestry authority; they have no right to harvest more in other parcels outside the project activity.

Based on on-site visit, and the "Notice on the Forbidding Commercial Logging" issued by local forest bureau, CQC confirms it is not allowed to designate new lands as timber concessions or increase harvest rates in lands already managed for timber, and the management plans and/or land-use designations of other lands they control have not materially changed as a result of the planned project.

Therefore, CQC team confirms the activity shifting leakage is zero.

- **Market leakage**

According to PD, the leakage factor for market-effects calculations (LF_{ME}) is 0.

CQC has verified the following documents:

According to the Forestry Law of P.R. China, Illegal logging in China will be faced punished by replanting, penalty, or criminal responsibilities, and in recent years, the illegal logging is absent in China.

According to the National Forestry Law of P.R. China, the forest concessions must be strictly implemented. According to the 12th Five-year plan issued by State Forest Bureau (Guofa [2011] No.3)/25/, the annual extracted volume from 2011 to 2015 is 27,105.4*10^4 m^3, and according to the 13th Five-year plan issued by State Forest Bureau (Guohan [2016] No.32)/24/, the annual extracted volume from 2016 to 2020 is 25,403.6*10^4 m^3. Therefore, annual extracted volumes cannot be increased within existing national concessions.

Based above findings, CQC can confirm that the logging is impossible increased as a result of the decreased supply of the timber caused by the project in this monitoring period.

Therefore, LF_{ME} = 0.

CQC raised CL01 as the LF_{ME} in MR (Version 02) was not justified sufficiently. CQC checked the revised MR (Version 03) and the supporting documents, and confirms the determination of LF_{ME} in MR (Version 03) was correct and in compliance with the methodology. Therefore, CL01 was closed (refer to appendix B for details).

(4) **Summary of GHG Emission Reduction and/or Removals**

According to VM0010 version 1.3, the Net Project Greenhouse Gas Emission removals in the monitoring period are calculated as:

$$GHG_{CREDITS,LTPF,t*} = GHG_{NET,BSL,t*} - GHG_{NET,PRJ,t*} - GHG_{LK,,LtPF,t*} \quad (8)$$

Where:

-$GHG_{CREDITS|LtPF}$ project greenhouse gas credits associated with the implementation of improved forest management (IFM) activities in the project scenario, tCO_2e

-$GHG_{NET|BSL}$ net greenhouse gas emissions in the baseline scenario in the year t* since the start of the project activity, tCO_2e

-$GHG_{NET|PRJ}$ net greenhouse gas emissions in the project scenario in the year t* since the start of the project activity, tCO_2e

-$GHG_{LK|LtPF}$ total greenhouse gas emissions due to leakage arising outside the project boundary as a result of the implementation of improved forest management(IFM) activities in the year t* since the start of the project activity, in the project scenario, tCO_2e.

Period	$GHG_{NET,BSL,t}$ (tCO_2e)	$GHG_{NET|PRJ}$ (tCO_2e)	$GHG_{LK|LtPF}$ (tCO_2e)	$GHG_{CREDITS|LtPF}$ (tCO_2e)
01/07/2017-31/12/2017	5,536	-69,510	0	75,046
01/01/2018-31/12/2018	67,070	-139,019	0	206,089
01/01/2019-31/12/2019	95,520	-139,019	0	234,539
01/01/2020-30/06/2020	46,605	-69,510	0	116,115
Total	214,731	-417,058	0	631,789
Average annual value	71,577	-139,019	0	210,596

- **Adjustment for uncertainty**

According to the methodology, if the uncertainty propagation $U_{total|LtPF} \leq 0.15$ then no deduction will result for uncertainty; If $U_{total|LtPF} > 0.15$ then the amount of greenhouse gas emission credits associated with IFM activities will be deducted as follows:

$$Credits_{total|LtPF} = GHG_{credits|LtPF} \times (1 - U_{total|LtPF}) \quad (9)$$

CQC Verification team has checked the uncertainty analysis spreadsheet and confirms that the baseline emission uncertainty ($U_{|BSL}$) has been correctly calculated in the PD of the project as 1.12%.

The project emission uncertainty ($U_{|PRJ}$) is calculated and listed below:

Stratum	Parameter	A_{rea} (Ha)	$V_{AB,i,2017}$ (m^3/ha)	BEF	D(tdm/m^3)	BCEFR (tdm/m^3)	CFj (tc/tdm)	$V_{AB,i,2020}$ (m^3/ ha)	$\Delta V_{AB,t\|PRJ}$ (m^3/ha)	$\Delta C_{AB,t\|PRJ}$ (tCO_2)
		a	b	c	d	e=c*d	f	g	h=g-b	i=h*a*e*f*44/12
	E	10454	94.38	1.37	0.541	0.741	0.5	108.77	14.39	204472.12
Birch	U	0.00	4.99%	5.66%	0.84%	5.72%		5.20%	3.62%	6.77%
	E	10072	121.39	1.40	0.490	0.686	0.5	138.17	16.78	212587.14
Larch	U	0.00	7.68%	3.06%	4.81%	5.70%		7.38%	5.32%	7.80%
$U_{|PRJ}$										5.18%

The value and precision of BEF and D in above table is convinced as it was sourced from "The People's Republic of China- National Greenhouse Gas Inventory"[29]. The value and precision $V_{AB,i,2017}$ and $V_{AB,i,2020}$ were calculated based on the measurements of sample plots[27]. CQC confirms the $U_{|PRJ}$ in MR (Version 03) is calculated in a transparent and correct way.

Therefore, based on methodology, total uncertainty for LtPF project is calculated as：

$$U_{TOTAL|LtPF} = \sqrt{U^2_{|PRJ} + U^2_{|BSL}}$$

$U_{|BSL}$	$U_{|PRJ}$	$U_{total|LtPF}$
1.12%	5.18%	5.30%

CQC confirms that the calculation of $U_{total|LtPF}$ is correct. and $U_{total|LtPF} \leq 0.15$ in this monitoring period, then no deduction will result for uncertainty; therefore,

$$Credits_{total|LtPF} = GHG_{credits|LtPF} \quad (10)$$

- **Calculation of verified carbon units**

As per the methodology VM0010 version 1.3 and the VCS PD, the amount of VCU's that can be issued at time t=t2 (the date of verification) for monitoring period T=t2-t1, is calculated as:

$$VCU_{net|LtPF} = \left(Credits_{total,t2|LtPF} - Credits_{total,t1|LtPF}\right) - Bu_{|IFM-VCS}$$

According to the analysis in NON-PERMANENCE RISK REPORT (version 2.0)[8], the overall risk rating is 22, then 22% of the total emission reductions shall be deducted.

Period	$Credits_{total\|LtPF}$ (tCO_2e)	Risk Score	$Bu_{IIMF-VCS}$	$VCU_{NET,IFM}$ (tCO_2e)
01/07/2017-31/12/2017	75,046	22	16510	58,535
01/01/2018-31/12/2018	206,089	22	45340	160,749
01/01/2019-31/12/2019	234,539	22	51599	182,940
01/01/2020-30/06/2020	116,115	22	25545	90,569
Total	631,789		138993	492,793
Average annual value	210,596		46331	164,264

However, **CAR01** was raised requesting the PP to calculate the $U_{|PRJ}$ in a transparent and correct way. PP provide the MR (Version 03), and CQC confirms the $U_{|PRJ}$ has been calculated correctly and transparently. Therefore, **CAR01** was closed (see Appendix B for details).

Hence, CQC verification team confirms that GHG emission reductions and removals have been quantified correctly in accordance with the project description and applied methodology.

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

All necessary documentation is collected, referenced and is easily accessible in hard-copy or electronic format. The data pertaining to the monitored parameters are maintained in the identified internal records and consistent with the values stated in the Monitoring Report Version 03. Key data have been cross-checked via external sources, such as records of Filed measurement of sample plots.

For the data and parameters available at validation, the related evidence has been validated at validation stage and the reliability of the evidence, and the source and nature of the evidence has been confirmed and correctly applied at verification stage.

For the data and parameters monitored, the data and parameters related to forest fire in the project scenario, was verified through reviewing the statement issued by local forestry authority, the statement was sourced from local authority and the reliability is confirmed.

For the parameter DBH, as well as the area of each sample plot, the data were sourced from Sample plot monitoring records. During the on site visit, spot checks were made on sample sample plots No.09, No. 01, No.29, No.33 and No.36, and also measured the DBH of trees and geographical coordinates of sample plot. These data mentioned above measured by CQC team is consistent with the raw sample plot monitoring records. Hence, the reliability is confirmed.

For the area of each stratum, the data was sourced from the national second class forest investigation[32], which is conducted in by local Forest Bureau and will updated every 10 years. Hence, the reliability is confirmed.

CQC verification team confirms that the quantity of evidence is sufficient and appropriate to determine the GHG reductions and removals.

4.6 Non-Permanence Risk Analysis

The non-performance risk Calculation Sheet are provided by PP, the risk assessment was conducted according to the VCS Procedural Document “AFOLU Non-Permanence Risk Tool” (version 4.0) . PP adopted the Risk Report Short template and combining with the Risk-Report Calculation-Tool excel sheet.

CQC has reviewed the Non-Permanence Risk Calculation Spreadsheet and the related evidences, include the Timber Management Plan[33], and interviewed with stakeholders, CQC has evaluated the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating, then CQC confirms that the evidences are substantial, and the overall risk rating is 22% based on the provided evidences, AFOLU Non-Permanence Risk Tool (version 4.0) and VCS Standard(version 4.0) .

Each risk category was calculated based on the VCS guidance and the input provided by the PP. The information was verified and cross-checked through document and literature review, on site visits of the project area and interviews conducted.

5. VERIFICATION CONCLUSION

CQC has conducted the verification of Inner Mongolia Keyihe IFM （conversion of logged to protected forest） Project, implemented by Inner Mongolia Keyihe Forest Industry LLC, which is located in south region of the Greater Khingan Mountains, Hulun Buir City, Inner Mongolia Autonomous Region, P.R.C, and applying the VCS methodology VM0010 version 1.3, on the basis of VCS Standard Version4.0, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The verification scope is defined as an independent and objective review and ex-post determination of the monitored GHG emission reductions, and consisted of the following three phases: i) desk review of the project design, the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion. The overall verification, from Contract Review to Verification Report & Opinion, was conducted using CQC internal procedures.

In summary, CQC confirms that the project is implemented as planned and described in the validated VCS project description. The forestry management conversion includes 20,526 ha logged to Protected Forest (LtPF) spreading over Kuya department, Molengge department, Suotuhan department, Tele department, Tuohe department of Inner Mongolia Keyihe Forest Industry LLC, with a total of 1,969 sub-compartments. The monitoring system is in place and reduces the GHG emissions as anthropogenic GHG removals by sinks. The GHG emission removals by sinks verified totalize 492,793tCO_2e with buffer account deduction for the monitoring period.

Our opinion relates to the projects' actual net GHG removals by sinks and resulting net anthropogenic GHG removals by sinks is reported and related to the valid and registered project baseline, monitoring plan and its associated documents.

Verification period: From 01/07/2017 to 30/06/2020

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

Period	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)	Risk Score	VCUs eligible for issuance (tCO_2e)
01/07/2017-31/12/2017	5,536	-69,510	0	75,046	22	58,535
01/01/2018-31/12/2018	67,070	-139,019	0	206,089	22	160,749
01/01/2019-31/12/2019	95,520	-139,019	0	234,539	22	182,940
01/01/2020-30/06/2020	46,605	-69,510	0	116,115	22	90,569
Total	214,731	-417,058	0	631,789		492,793
Average annual value	71,577	-139,020	0	210,596		164,264

APPENDIX A: DOCUMENTS REVIEWED OR REFERENCED

/1/ VCS-PD, version 03 dated 15/11/2017

/2/ VCS-MR, version 02 dated 10/09/2020

/3/ VCS-MR, version 03 dated 05/11/2020

/4/ ER calculation spreadsheet, version 02 dated 10/09/2020

/5/ ER calculation spreadsheet, version 03 dated 05/11/2020

/6/ Uncertainty Analysis spreadsheet, version 02, dated 10/09/2020

/7/ Uncertainty Analysis spreadsheet, version 03, dated 05/11/2020

/8/ Non-Permanence Risk calculation spreadsheet, version 02, dated 10/09/2020

/9/ Verification Report for the 1st monitoring period, Version 02, 15/12/2017

/10/ VM0010 version 1.3 dated 27/03/2013

/11/ VCS Standard, version 4.0, dated 19/09/2019;

/12/ VCS Program Guide, version 4.0 dated 19/09/2019;

/13/ Registration & Issuance Process, version 4.0, dated 19/09/2019

/14/ AFOLU Non-Permanence Risk Tool, VCS version 4.0

/15/ VCS Validation and Verification Manual, version 3.2, dated 19/10/2016

/16/ Business license of the project proponent

/17/ Forestry Right Certificates of the Project

/18/ Timber harvest plan issued by Keyihe forest bureau

/19/ Notice on the Forbidding Commercial Logging issued by Keyihe Forestry Bureau issued by local forest bureau, Dec 18, 2012

/20/ Participatory rural appraisal (PRA) provided by project proponent, Jan 2019

/21/ Timber Volume Table developed by Inner Mongolia Keyihe Forest

/22/ Monitoring manual

/23/ Statement on fire and natural disturbance issued by the local forestry authority

/24/ 13th Five-year Forest Harvest Limit issued by State Council (Guohan [2016] No.32)

/25/ 12th Five-year plan issued by State Forest Bureau (Guofa [2011] No.3)

/26/ National Forestry Law of P.R. China

/27/ Monitoring records of sample plots

/28/ VCS development consultation and service agreement signed between Inner Mongolia Keyihe Forest Industry LLC. and Beijing Shengdahuitong Carbon Management Co., Ltd. on 20/12/2012

/29/ The People's Republic of China- National Greenhouse Gas Inventory

/30/ Questionnaires of local stakeholders

/31/ Validation Report version 2.0 dated 29/11/2017

/32/ National Second Class Forest Investigation

/33/ Timber Management Plan

APPENDIX B: RESOLUTION OF CORRECTIVE ACTION /CLARIFICATION / FORWARD ACTION REQUESTS

Draft report clarifications and corrective action requests by validation team	Summary of project participant response	Verification team conclusion
CL01 Pls justify the LE_{ME} in MR (version 02) in compliance with the methodology.	The description has been corrected in Section "5.1.2 Market leakage".	CQC confirms that LE_{ME} has been sufficiently justified in MR (Version 03). CL01 is closed.
CAR01 Total uncertainty for the improved forest management activities in the project scenario ($U_{|PRJ}$) is not calculated in a correct and transparent way.	Total uncertainty for the improved forest management activities in the project scenario ($U_{|PRJ}$) has been corrected in "5.1.3 Adjustment for uncertainty" and the Plot Uncertainty Sheet.	CQC confirms that total uncertainty for the improved forest management activities in the project scenario ($U_{|PRJ}$) is calculated correctly and transparently in MR (Version 03), CAR01 is closed.