PROJECT REVIEW REPORT

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

Project ID	3368
Project Name	Orizon CarbonCrop Rewards Programme
Review Type	Registration & Verification Approval
Program(s)	VCS Program
Verification Period	01-Aug-2018 to 31-Jul-2022
Project Proponent	Orizon Agriculture (Pty) Ltd
Methodology	VM0042 v2.0 - Methodology for improved agricultural land management
VVB	SCS Global Services
Assessment Criteria	*VCS Standard, v4.7*
Date of First Issue	12 February 2025
Date of Second Issue	19 May 2025
Date of Third Issue	02 July 2025
Review Conclusion	Approved
Date of Final Issue	29 August 2025

FINDINGS

#	Finding Description	VVB Response	Status
1	**Insufficient description of grouped project activities**		
	Issue 1. Section 1,12 of the PD/MR describes the improved ALM activities proposed by the project. However, there is insufficient level of detail to enable assessment at validation. Specifically: a. Insufficient information on how each agricultural management practice will achieve the intended GHG emissions reductions/removals (e.g., quantitative adjustments, crop types that will be applied for each improved ALM practice). 2. Section 1,12 of the PD/MR describes five improved ALM activities proposed by the project. However, only three activities (cover cropping, reduced tillage (no till and minimum tillage)) and increasing organic input applications) will be implemented in the initial PAIs. Action Required 1. The VVB must ensure that Section 1.12 of the PD/MR is updated to a. Include sufficient information on the ALM practices per Issue 1, including a comparison of the activity in the baseline and project scenarios. b. Include only project practices under	**Round 1** VVB Response 1. The project updated section 1.12 of the PDMR to describe four practices that were implemented by the project: 1) improved fertilizer (organic/inorganic) and inputs management, 2) reduced tillage and improved residue management/retention, 3) improved crop planting and harvesting, and 4) improved grazing practices. These practices have been implemented on initial project activity instances, and any mention of other practices not implemented on initial instances has been removed. The previous language focused on three practices in particular (1) improved fertilizer (organic/inorganic) and inputs management, 2) reduced tillage and improved residue management/retention, 3) improved crop planting and harvesting) as being predominate practices, and this distinction is important for the common practice equation (Equation 1 of VM0042; see Step 3 in section 7 of VM0042; also see updated section 3.5.2 of the PDMR). The project provided quantitative information relative to relevant practices in both the baseline and project scenarios in section 1.12, and the audit team reviewed all of these values based upon the project's raw management data (Ref 1 in section 2.2 of the VVR). 2. Based upon our review of practice activity changes focused on the initial project activity instances (see section 3.4.4 of the VVR), we confirm that baseline scenarios assigned to each project activity instance have been determined based on a	Closed

	implementation in the initial PAIs. 2. The VVB must ensure the baseline scenario is determined based on the ALM practices of the initial PAIs. 3. The VVB must ensure that the project updates Section 1.5 of the PD/MR to a. Clearly describe the eligibility criteria for inclusion of future PAIs to ensure that future PAIs have the same baseline scenario and demonstration of additionality as the initial PAIs. 4. The VVB must assess the updated information in Section 3.1 of the joint validation and verification report V/VR. <u>Program Rule(s)</u> *VCS Standard v4.7.* Section 3.6.10, 3.6.11, 3.6.13, 3.6.14, and 3.6.15. <u>Background</u> <u>Issue 1: Ineligibility of future PAIs:</u> Please note that new instances of any individual practices/activity or combined activity that were not included in the initial assessment of additionality can be included in future PAIs if they meet the requirement in Appendix 3 of the methodology,	relevant combination of the 4 project activity changes mentioned above. 3. Section 1.5 of the PDMR now lists the 4 relevant practice change categories mentioned above when discussing how new project activity instances eligibility will be assessed. More details about the eligibility criteria being assessed has also been added to section 1.5 of the PDMR. 4. Sections 2.2 and 3.1 of the VVR have been updated. <u>Verra Response</u> 1. Section 1.12 of the PD/MR has been updated to provide information how each agricultural management practice will achieve the intended GHG emissions reductions/removals compared to the baseline activities. 2. The project design has been updated to determine the baseline scenario and demonstration of additionality based on the agricultural practices in the initial PAIs. Furthermore, the agricultural practices that are and will be implemented under this project activities are based on the practices that are implemented in the initial PAIs. 3. Section 1.5 of the PD/MR has been updated providing sufficient eligibility criteria for the inclusion of future PAIs. 4. Assessment of the updated information has been provided in Section 2.2 and 3.1 of the V/VR. The issues raised have been sufficiently addressed. However, this finding can only be closed until Finding#6 is resolved	

	The project should describe the improved ALM practices proposed for the initial PAIs. This could include all activities proposed for the instance across the crediting period. This will be used to assess the project design at validation. The determination of the baseline and the demonstration of additionality must be based on the initial project activity instances, Verra does not expect a VVB to reach a sufficient level of assurance that activities not represented in any of the initial instances and geographic areas comply with Section 3.6.10 of the VCS Standard. This is unless there are study cases (e.g., planned or under development instances) that can demonstrate that the same, or at least as conservative, baseline scenario and rationale for additionality apply to the activities not represented by the initial instances. If a new instance is included with any individual activity or combined activity that were not included in the initial assessment of additionality, the project will need to: 1. Describe the individual activity or combined activity in the monitoring report. 2. Demonstrate that the new instance complies with at least one set of eligibility criteria (baseline scenario and additionality) described in the PD. 3. Demonstrate that the new individual activity or combined activity also has a current adoption rate of less than 20%, and therefore still additional.	**Round 2** VVB Response Please see the response to Finding 6. Verra Response Finding 6 has been resolved. No further action is required, and the finding is closed.	

2	**Insufficient demonstration of project and land ownership**

	<u>Issue</u> 1. It is not clear in Section 1.8 of PD/MR whether all of the participating farmers are also the landowners of the initial project activity instances or some PAIs have been leased from the landowner to the participating farmer. <u>Action Required</u> 1. The VVB must ensure that Section 1.8 of the PD/MR is updated to clarify if the participating farmers are also the landowners in the initial project activity instances. If there are examples where ownership is different (i.e. the landowner is not the participating farmer, leased lands etc.), the VVB must assess (i) that the participating farmers have the right to implement the ALM practices (ii) the agreements between the landowner and farmer as applicable and (ii) conclude that project ownership and VCU rights are vested in the PP. 2. Considering that there are multiple farmers that are involved in the grouped project, the VVB describe how they have assessed all of the agreements between the PP and the farmers in Section 3.1 of the V/VR. a. If the VVB applies a sampling procedure to assess the agreements between the PP and the participating farmers/landowners, the VVB must describe the sampling procedure and its appropriateness. <u>Program Rule(s)</u> *VCS Standard v4.7, Section 3.7.1 and 4.1.30.*	**Round 1** <u>VVB Response</u> 1. The project updated section 1.8 of the PDMR to add more details about the percentage of fields that are directly owned by participating farmers or companies/trusts that the participating farmers own (80.8%), while 19.2% of the fields are leased by participating farmers. The audit team reviewed ownership documentation (Ref 60 in section 2.2 of the VVR) to confirm that participatory farmers did actually own property as indicated by project data. Section 1.8 of the PDMR also gives more details about the vetting process the project conducts when assessing whether fields that are leased by a participating farmer are included. The VVB reviewed a sample of lease agreements (Ref. 72 in section 2.2 of the VVR) that all showed i) the lessees (participating farmers) have the right to implement ALM practices on the leased fields and ii) the agreements are applicable between the landowner (ie, lessors) and farmers (ie, lessees). The lease agreements do not contain any provisions where carbon credit ownership would be forfeit to the landowner of leased fields. The audit team reviewed the project's process for vetting leased fields for participation in the project and a summary of how many fields are leased by participating farmers (Refs 59 and 61) during the audit. During the audit, the audit team reviewed a sample of iii) the participatory contracts (Ref 32 in section 2.2 of the VVR) indicate that the project proponent has ownership of the project and that VCU rights are vested in the project proponent. The sampling procedure for reviewing participatory contracts, property deeds, and lease agreements between landowners and participatory growers followed the same sampling design as the site visit plan (see section 2.4 of the VVR), which was developed	Closed

		to be statistically representative of soil physical characteristics and farm management practices across the project. 50% (11 out of 22) farms were visited as a result of the site visit sampling plan. Please see section 3.1 of the VVR, which has also been updated with additional information about our lease agreement review process.	
		Verra Response 1. Section 1.8 of the PD/MR has been updated to provide clarification that 80.8% of the project areas are owned by the participating farmers and the remaining 19.2% of the project areas are leased by the participating farmers. 2. For the leased lands, it has been sufficiently demonstrated by the PP and assessed by the VVB that the participating farmers have the rights to implement project activities and has the rights to the carbon rights. No further action is required, and the finding is closed.	

3	Insufficient demonstration of project start date		
	Issue 1. Section 1.9 of the PD/MR does not demonstrate with sufficient evidence the implemented ALM activity/practice change that was used to determine the project start date. Action Required 1. The VVB must ensure that Section 1.9 of the PD/MR is updated to describe with sufficient evidence, the	**Round 1** VVB Response 1. The project provided an invoice (now Ref 73 in section 2.2 of the VVR) to support a specific activity that may be linked to 1 August 2018 (i.e., “purchase of 311.9 cubes of beef manure from a feedlot in Bergville by a participating farmer to initiate a composting operation”), which is described in section 1.9 of the PDMR. This activity is related to the practice change “Improved fertilizer (organic or inorganic) and inputs management”, which is	Closed

	specific improved ALM activity/practice change used to determine the project start date. 2. The VVB must update Section 3.1 of the VVR to provide further assessment regarding the appropriateness of the project start date, including (i) the specific improved ALM activity used to determine the project start date and (ii) its compliance with the start date requirement in the *VCS Standard* and (iii) the evidence assessed to confirm the start date, <u>Program Rule(s)</u> *VCS Standard v4.7, Section 3.8*	described in section 1.12 of the PDMR. 2. The audit team concludes that this piece of evidence specifically supports August 1, 2018, as the start date. It is the earliest recorded activity "that leads to the generation of reductions or removals", as mentioned in section 3.8 of the VCS Standard. Our interviews with farmers during the site visit indicated that 2018 is the earliest year of project interventions on fields inducted into the project. The project provided a detailed breakdown of initial project activities for the 11 sampled farms during the site visit, and this evidence was not contradicted by interviews and observations gathered by the audit team during the site visit. Therefore, the audit team is reasonably assured that August 1, 2018 is an accurate start date for this project. Sections 2.2 and 3.1 of the VVR have been updated. <u>Verra Response</u> 1. Section 1.9 of the PD/MR has been updated to provide sufficient demonstration and evidence to determine the project start date. The VVB has provided an assessment of the evidence of project Start date in Section 3.1 of the V/VR. <u>No further action is required, and the finding is closed.</u>	

4	**Incomplete information of the project location and inappropriate KML file**		
	<u>Issue</u> The area of the PAIs per the KML file (18,828 ha) is not consistent with the area (ha) of the first PAIs in the PD/MR (15,547 ha). <u>Action Required</u> 1. The VVB must ensure that the area of the KML file is	**Round 1** <u>VVB Response</u> 1. The most up to date kml with an area of 15,547 ha ('2023 Submission All Farmers (Included Fields Only) [NAMES REDACTED with UNIQUE ID].kml') has been uploaded to Verra's project hub. Please note, the 'Unique ID' column must be used to compare areas of individual fields in the kmz to areas listed for these fields in ERR workbooks. The audit team verified the kml	Closed

	consistent with the area of the first PAIs indicated in the PD/MR. 2. The VVB must assess the updated information of project location and update Section 3.1 of the V/VR accordingly. <u>Program Rule(s)</u> *VCS Standard, v4.7.* Section 3.11.1	represents 15,547 total hectares and aligns with individual field areas listed in the project's calculation workbooks (projection system used to calculate areas is https://epsg.io/9221). 2. The audit team re-checked this latest kml, and we conclude that it accurately represents the areas of project instances participating in this project. Section 2.2 of the VVR was updated to show the latest kml file name, but otherwise, there were no changes required for this finding in the VVR, as the areas have not changed since the audit. Section 2.5 of the VVR discusses how we collected GPS points to assess field boundaries and section 3.4.6 discusses how we independently calculated areas to check the project's stated areas per field listed in their calculation workbooks. <u>Verra Response</u> The KML file has been updated to have the appropriate size of the project area (15,547 ha). No further action is required, and the finding is closed.	

5	**Insufficient information on stakeholder identification process.**		
	<u>Issue</u> 1. Section 2.1.1 of the PD/MR has not sufficiently described how stakeholders that are impacted by the projects have been identified by the PP. 2. Considering that contractors and seasonal workers are involved in the project activity process, it is unclear why those stakeholders are not part of the stakeholders that are affected by the project. <u>Action Required</u> 1. The VVB must ensure that Section 2.1.1 of the PD/MR is updated to describe how all the stakeholders that are impacted by the project activities have been	**Round 1** <u>VVB Response</u> 1. Section 2.1.1 of the PDMR now appropriately describes the stakeholder identification process and the impact of project activities on the identified stakeholder groups. Seasonal workers and contractors were part of the stakeholder identification process, and the project conducted due diligence to ascertain whether these groups were in fact stakeholders of the project. After conversations with farmers and farm visits, the project determined that seasonal workers and contractors do not affect project activities or otherwise work on project related fields. Examples of the roles of consultants and seasonal workers	Closed

	identified. 2. The VVB must ensure that Section 2.1.1 of the PD/MR is updated to describe how all stakeholders that are involved in the project activities are affected by the implementation of the project activities. 3. The VVB must ensure to assess all of the updated information in Section 3.3.1.1 of the VR. Program Rule(s) *VCS Standard v4.7,* Section 3.18.1 to 3.18.8.	include financial consultants, contractors to build on-farm facilities, contractors for commercial forestry plantations, seasonal workers involved in the harvest of other crops not included in the project, such as Macadamias. These roles do not affect or are affected by the practice change activities conducted by the project or the land within the project instances, and therefore, it was determined that contractors and seasonal farm workers are not actually stakeholders of this project. 2. The audit team corroborated the project's stakeholder identification process outcome through interviews with farmers during site visits. When questioned about who implements activities on project fields, farmers responded that workers with long-term employment contracts are responsible for implementing agricultural practices in the project fields. The farmers confirmed that all staff have legally required contracts, and that their farms are audited by the South African Dept of Labor. The project also appropriately identified farm owners and managers, as well, as they directly affect project activities. Therefore, the audit team is reasonably assured that the project has adequately identified stakeholders of this project. 3. Section 3.3.1.1 of the VVR has been updated with additional information that is stated in the preceding paragraph. Verra Response 1. Section 2.1.1 of the PD/MR has been updated on how stakeholders that are impacted by the project have been identified by the PP. 2. Section 2.1.1 of the PD/MR has been updated to describe how all stakeholders that are involved in the project activities are affected by the implementation of the project activities.	

		3. Assessment of stakeholder identification process has been provided in Section 3.3.1.1 of the V/VR. No further action is required, and the finding is closed.	

6	**Insufficient demonstration of the applicability conditions**		
	Issue 1. Section 3.2 of the PD/MR has not provided a sufficient demonstration of how the project adheres to the following applicability conditions of the methodology: a. (2) For ALM practices that uses a quantitative adjustment, it has not been demonstrated how it will exceed 5% of the pre-existing values (see background). b. (3) Insufficient description and evidence have not been presented that the initial instances will convert ecosystem (grassland to cropland or vice versa). Action Required 1. The VVB must ensure the project proponent updates Section 3.2 of the PD/MR is updated to demonstrate how the project adheres to the applicability conditions of the methodology: a. Demonstrate how quantitative adjustment ALM practices activities (e.g. Reduced fertilizer usage) in the grouped project meets the 5% threshold to meet applicability condition 2. b. Provide a sufficient evidence and a clear description whether the initial PAIs convert any ecosystem i.e. a one time change from grassland to cropland or vice-versa. i. If future PAIs involved any conversion	**Round 1** VVB Response 1. a) Section 3.2 of the PDMR now lists specific quantitative adjustments to rates related to each practice change. Each of the 4 practice change categories exhibits at least one quantitative adjustment exceeding 5% of pre-existing values, so each declared practice change category meets this applicability condition 2 of the methodology. The project provided an updated workbook (see Ref 1 in section 2.2 of the VVR) that supports each stated quantitative adjustment based upon the raw management data from the project, and SCS reviewed each of these calculations. b) Section 3.2 now includes additional details about how the project determined 49 field areas have undergone a one-time conversion from grassland to cropland. Additional details about how degraded conditions existed at these converted grasslands has also been provided. Applicability condition 3b was upheld by the project with respect to converted grasslands, as degradation was identified for these lands using two indicators from municipal/local (Lindeque 2015; ref 69 in section 2.2 of the VVR) and national (Land Degradation Assessment Index of the Natural Agricultural Resources Atlas of South Africa) studies, which satisfies requirements in Appendix 2 of the methodology. The audit team reviewed these studies during the audit and reviewed in detail how the project determined degradation of any converted fields in the 11 out of 22 farms visited during the audit site visit. The audit team concludes that the field areas were properly identified as degraded prior to the land conversion	Closed

	of ecosystem (from grassland to cropland or vice versa), the VVB must ensure that the project demonstrates how it adheres to applicability conditions 3a and 3b of the methodology. 2. The VVB must assess the updated information and provide an assessment in Section 3.4.2 of the V/VR. Program Rule(s) *VM0042, v2.0*, Section 4	to cropland. 2. Section 3.4.2 was updated with additional details on how the audit team checked the project's degradation identification procedure for grasslands that underwent a one-time conversion to cropland.	
		Verra Response Section 3.2 of the PD/MR has been updated to provide demonstration that land conversion that occurred in parts of project area may occurred due to degraded lands under the baseline scenario. Issue 1 b has been addressed. However, Issue 1a and 2 have not been sufficiently addressed, and the finding cannot be closed. Issue 1. Table 1.12.1 of the PD/MR indicates that the implementation of synthetic fertilizer optimization practice does not exceed 5% of the pre-existing value and qualify as a practice change (See Background). Action Required 1. The VVB must ensure that the project activity (optimization of synthetic fertilizer application) exceeds 5% and is an eligible change under the methodology, Otherwise, the VVB must ensure that the PD/MR is updated to exclude synthetic fertilizer as part of the agricultural practice of the project activities and that the GHG ERR from these practices are excluded from the project accounting for this monitoring period (MP). 2. Considering the very broad range of average values of fertilizer input, the VVB must ensure to further assess whether all of the participating farms that apply the	

		inorganic fertilizer applications adhere to the 5% reduction methodological threshold. If the farms do not adhere to the 5% reduction threshold, the VVB must ensure that the project proponent exclude those farms. 3. The VVB must ensure that Section 3.4 of the V/VR is updated accordingly. <u>Program Rule(s)</u> *VM0042 v2.0.* Sections 2 and 4 (2). <u>Background</u> Synthetic Fertilizer application in the Baseline Scenario: 72.68 kg N/ha/season. Synthetic Fertilizer application in the Project Scenario: 69.93 kg N/ha applied per season. Synthetic fertilizer (Reduction of 3.78%):	
		Round 2	
		<u>VVB Response</u> 1. Table 1.12.1 and Section 3.2 of the PD/MR have been updated with additional analyses supporting why synthetic fertilizer can be included as a project activity. Please note that synthetic fertilizer decrease is one part of the overall ‘Improved fertilizer (organic or inorganic) and inputs management’ practice change. 15 of the 22 initial instances had a quantitative change in synthetic fertilizer that was greater than 5%, while those that applied organic inputs decreased their synthetic applications by 9.2%. The type of fertilizer (relating to urea) also constituted a change greater than 5%. These figures have been reviewed in an updated workbook provided by the project (Ref 1 in section 2.2 of the VVR). Furthermore, no farms were included in the project based purely by changes in synthetic fertilizer. In some cases, synthetic fertilizer increased during project years, and the project conservatively tracked and accounted for this increase in	

		emissions from synthetic fertilizer usage across all participating farms. Accounting for changes in synthetic fertilizer in Orizon's case is also in line with Table 3 in Section 5 of VM0042 v2.0, for Justification of 'Use of nitrogen fertilizers': "Where, in the baseline scenario, the project area would have been subject to nitrogen fertilization or where nitrogen fertilization is greater in the with-project scenario relative to the baseline scenario, N2O emissions from nitrogen fertilizers must be included in the project boundary." 2. We reviewed an updated workbook provided by the project (Ref 1 in the VVR) which evidences that all the instances which include an element of the organic inputs as a practice change either exceed the 5% threshold or, as in most cases, was an adoption of a new practice with no organic inputs in the baseline. In other words, no farms were included based upon synthetic fertilizer change alone. 3. Section 3.4.3 of the VVR has been updated to explain that the audit team confirmed that the inclusion of each emission source has been analysed at the farm-level.	
		Verra Response 1. The PD/MR has clarified that 15 out of the 22 initial instances changed their synthetic fertilizer applications by more than 5%. For the remaining instances where it does not reach the 5% threshold, the farm areas are also implementing other improved farming practices. 2. Furthermore, the VVB has further clarified that if any of the instances have an increase in N2O emissions from fertilizer in the project scenario, it will be accounted in the net GHG ERR. 3. The VVB has assessed all the updated information in the	

		V/VR. No further action is required, and the finding is closed.	

7	Insufficient demonstration of the baseline scenario		
	Issue Section 3.4 of the project description does not specify the following information: 1. The minimum specifications *on each ALM practice* under the baseline scenario based on Table 4 of *VM0042, v2.0* (see Background): a. No description of the qualitative measures. b. No description of the quantitative measures c. No description of the source of evidence that is used to establish the minimum specifications of the ALM practices based on the data hierarchy on Box 1 of VM0042 v2.0. 2. No information whether the baseline scenario takes into account any government policies and legal requirements. 3. It is unclear how a single baseline scenario is representative of the entire area included under the initial PAIs, considering several project instances have made once-off conversions of degraded lands (See Table 1.4.1 of the PD/MR). Action Required 1. The VVB must ensure Section 3.4 of the PD/MR is updated to: a. Provide descriptions of the qualitative and quantitative measures of all project activities under the baseline scenario, per Table 4. b. Provide a description of the source of evidence that is used for each ALM practices based on the data hierarchy on box 1 of VM0042.	**Round 1** VVB Response 1. The project updated section 3.4 to address each item related to Table 4 of section 6 of VM0042, v2.0. The sources of evidence have been described in section 3.4, as well. Point 'c' under Action Item 1 is irrelevant to requirements cited (sections 6 and 9 of VM0042). Section 3.13.4 of the VCS standard states "Government policies and legal requirements relevant to the project activity, such as minimum product efficiency standards, air quality requirements, carbon taxes, and subsidies, shall be taken into account when determining the baseline scenario", and the project added further information about taking into account government policies and regulations in section 3.4 (an assessment of government policies has already been given in section 1.15 of the PDMR and reviewed by the audit team, as indicated in section 3.1 of the VVR). 2. The project has updated 3.4 to clearly state that baseline scenarios are field-specific, and therefore, there has been more than 2 baseline scenarios for this project. Section 1.5 has been updated to add more information about how the project will assess eligibility requirements for new project instances. 3. The audit team confirms that the baseline has been established accurately at each farm based on an extensive review of the project's documentation and on-site interview	Closed

	c. Provide sufficient information how the baseline scenario take into account any government policies and legal requirements. 2. The VVB must ensure that the project's baseline scenario is representative of the entire initial PAIs (i.e. cropland continuing as cropland).If the initial PAIs include other baseline land uses (e.g. grassland to cropland), the project must justify how a single baseline scenario is appropriate, Otherwise, a. Section 3.4 of the PD/MR must be updated to determine two baseline scenarios. b. Section 1. 5 of the PD/MR must be updated to ensure a set of eligibility conditions for each combination of baseline scenario and demonstration of additionality present in the initial PAIs. c. 3. The VVB must assess all updated information relating with the baseline scenario in Section 3.4.3 of the V/VR. Program Rule(s) *VM0042 v1.0,* Section 6 and 9 Background Issue 1 - Sources of quantitative and qualitative data: Page 73 of the PD/MR provides a general description regarding how the baseline data are collected (Either from a signed attestation and regional studies. However, the source of evidence/data must be described for each of the ALM activities under the baseline scenarios. The table below is an example of the kind of information required per Table 4:	with farmers about their historic activity at 11 out of 22 participating farms. Section 3.4.4 conveys all required details of our approach and has not been updated with any new information. Verra Response 1. Section 3.4 of the PD/MR has been updated to provide sufficient information regarding the baseline scenario of the project per Table 4 of VM0042. 2. Section 3.4 of the PD/MR has been updated demonstrating the different site-specific baseline scenario of the initial PAIs. 3. Section 3.4.3 of the V/VR has been updated to provide sufficient assessment of the baseline scenario of the project. No further action is required, and the finding is closed	

ALM Practices	Baseline Qualitative Measures	Baseline Quantitative Measures	Source of Evidence
Tillage	Annual Deep Tillage	30 to 40 cm	Historical farm record within the past 3 years or Historical farm management plans if historical record is not available

Furthermore, considering that the project is using a signed attestation and regional data, justification needs to be provided for why historical management records or historical management plans (per #1 and #2 of Box 1 of VM0042) have not been selected as the appropriate sources of data for the baseline activities.

8	Unclear source of adoption rate of ALM practices		
	Issue 1. It is insufficiently demonstrated that the identified barriers to the project will remain without the intervention of the PP. See the related Finding 13. 2. All the identified barriers are not supported by evidence. 3. For the adoption rate of cover crop application, it is not appropriate to use cover crop application data from USDA (sourced from United States).	**Round 1** VVB Response 1. Section 3.4.4 of the VVR is not the appropriate section to update an assessment of barriers, since an assessment of barriers exists in section 3.4.5 of the VVR. Section 3.4.5 of the VVR has been updated to provide a more specific assessment for each identified barrier. 2. Section 3.5 of the PDMR lists additional details supporting	Closed

	<u>Action Required</u>
	1. The VVB must update Section 3.4.4 of the VVR with an assessment of the project's barriers, including how they independently assessed and confirmed that the barriers would remain without the intervention of the PP. See Finding 13.
	2. The VVB must ensure Section 3.5 of the PD/MR is updated to include evidence to support all identified barriers.
	3. The VVB must ensure that Section 3.5 of the PD/MR is updated to revise the adoption rate data based on
	  a. Appropriate choice of geographic region or other factors. See Background,
	  b. Appropriate sources of evidence per Section 7 (page 17 of VM0042).
	  c. If appropriate data is not available from the project's geographic region, the
	    i. Project must demonstrate that appropriate data is not available at the regional or national level and
	    ii. Provide an expert attestation per the methodology guidance demonstrating that the suite of activities is not common practice.
	4. The VVB must assess all updated information related with the common practice analysis in Section 3.4.4 of the V/VR
	<u>Program Rule(s)</u>
	
	VM0042 v2.0, Section 7
	
	<u>Background</u>
	Issue 1
	
	The project proponent must determine whether there are
		each barrier identified for this project. Section 2.2 of the VVR has also been updated with additional references reviewed by the audit team (Refs. 75-77).
		
		3. Section 3.5 of the PDMR has been updated to clarify that 3 out of 4 of the practice changes adopted by the project are predominate (based on the extent of the project area covered, per section 7, step 3 of the methodology). The adoption rates used in the common practice equation are based on
		  a) the same geographic region in which initial project activity instances are based at the state/provincial level,
		  b) appropriate sources of evidence described in section 7 of the methodology (see section 3.5 of the PDMR), and
		  c) the appropriate data is available from the project's geographic region.
		
		Please note that USDA data was not explicitly used for assigning adoption rates for the common practice equation for this project. It was used as a sense check on rates taken from an attestation from a qualified independent local expert, since the adoption of cover cropping in the USA is more advanced than South Africa. Given the confusion of the role of USDA data in this assessment, the audit team took out Ref 54 from section 2.2 of the VVR and replaced it with a missing, but important, reference for provincial adoption rates in South Africa that was used by the project (Findlater et al, 2019) and SCS reviewed during the audit. Furthermore, the qualified independent local expert's CV is now referenced in section 2.2. of the VVR (Ref. 78).
		
		4. Section 3.4.4 of the VVR is not an appropriate section to update with this information, but section 3.4.5 has been updated with more specific information related to the barrier analysis and common practice equation. Section 2.2 of the VVR has also been updated with additional references reviewed by the audit team (Refs. 75-77).	

	cultural and/or social barriers (e.g. cultural practices and social norms, attitudes and beliefs) to the proposed change(s) in ALM expected that prevent implementation of the change without the intervention of the project proponent and the resulting revenue from the sale of VCUs. The project proponent must list and describe barriers to the implementation of proposed changes to pre project ALM practices to establish that the change would not occur if the **project was not undertaken by the project proponent** and registered as a VCS project. Issue 3 To demonstrate common practice, the project area must be stratified to the **state or provincial level (or equivalent second order jurisdiction) in the countries where the project is being developed.** Where supporting evidence is unavailable at the state/provincial level (e.g. in developing countries) aggregated data or evidence at a **national or regional level may be used with justification**. Where stratification based on geopolitical boundaries is im practical (e.g., due to lack of data) **other forms of stratification such as major soil types or cropping zones may be used with justification**. The same stratification approach and data sources must be applied across the entire project to maintain the integrity of the common practice demonstration . Where a data source is unavailable for a subset of the project region, justification must be provided for use of a different data source.	<u>Verra Response</u> 1. Section 3.5 of the PD/MR has been updated to provide demonstration with supporting evidence that the identified barriers would prevent participating farmers to implement agricultural practices without being registered as a project. The demonstration and evidence have been assessed by the VVB in Section 3.4.5 of the V/VR. 2. Section 3.5 of the PD/MR and Section 3.4.5 of the V/VR have indicated the type of evidence that were used (local studies, FAO statistics of the host country) to demonstrate the appropriateness of the identified barriers. 3. Other sources than USDA (local studies) has been applied to demonstrate the appropriateness of the adoption rate. No further action is required, and the finding is closed.	

9	Insufficient demonstration of methodology deviation		
	<u>Issue</u> 1. Section 3.6 of the PD/MR does not provide details of the methodology deviation or demonstrate how the deviation meets the requirement of the VCS Standard, The document 'Orizon CarbonCrop Programme - Methodology Deviation', has not been submitted.	**Round 1** <u>VVB Response</u> 1. The project will submit the requested document as part of the submission for this PRR. 2. The project updated section 3.6 of the PDMR to include more	Closed

	2. There is insufficient justification that the number of livestock in the project area (due to grazing of livestock not owned by project participants) will not increase significantly in the project scenario. See Background, <u>Action Required</u> 1. The VVB must ensure that the PP shares the Orizon CarbonCrop Programme - Methodology Deviation document. 2. The VVB must ensure that Section 3.6 of the PD/MR is updated to demonstrate and provide evidence that that methane emissions from grazing activities due to livestock populations that are not owned by the farmers will not increase under the project scenario. 3. The VVB must assess all of the updated information in Section 3.4.7 of the V/VR. <u>Program Rule(s)</u> *VCS Standard v4.7,* Section 3.20 *VM0042, v2.0,* Section 8.2.6 <u>Background</u> If grazing by external livestock increases under the project scenario due to the implementation of project activities, this will potentially cause an increase in methane emissions from enteric fermentation and manure deposition. Therefore, it cannot be assumed conservative to exclude those from the external livestocks.	details about conditions in which the deviation applies. Based upon feedback from this finding, the project has removed any conditions around excluding enteric fermentation emissions from the deviation. In the previous iteration, the project outlined a list of conditions that all must have been met before they would have excluded enteric methane emissions from essentially livestock that were not owned by the grower participating in the project. Note: livestock increases during the project scenario would directly impact enteric methane emissions by increasing these emissions. The project determined the list of conditions would be too challenging to prove over time for all participants, so they modified the deviation to include enteric fermentation emissions from all livestock grazing on project fields. This resulted in a reduction of 302 VCUs (about 0.2% of the total). The current deviation would ensure that an increase in livestock would result in an increase in livestock emissions (including enteric), but also that an increase in the grazing days of those livestock on project fields also increases livestock emissions, which would not be the case if using the methodology calculations. 3. Section 3.4.7 accurately describes the audit team's process for evaluating this deviation. <u>Verra Response</u> 1. Section 3.6 of the PD/MR has provided sufficient information on how the methodology deviation adheres to the methodology requirements. Furthermore, additional documents regarding methodology deviation have been provided by the project. 2. Section 3.4.7 of the V/VR has been updated to sufficiently assess the appropriateness of the methodology deviation.	

<table>
<tr><td></td><td></td><td>No further action is required, and the finding is closed.</td><td></td></tr>
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<table>
<tr><td>10</td><td colspan="3">Unclear GHG Emission calculations workbook</td></tr>
<tr><td></td><td><u>Issue</u>
1. The ERR sheet is hard coded, and does not clearly show the formulae used or the calculation steps followed by the project. It is unclear if the ERRs are calculated per the methodology.

<u>Action Required</u>
1. The VVB must ensure that the PP shares the GHG calculation sheets that contain all of the formulae and data input in all of the workbooks.

<u>Program Rule(s)</u>
VCS Registration and Issuance Process v4.5, Section 4.2.5 (6).

<u>Background</u>
Example: the cells in the working books ‘SOC Modelling Outcomes – Sample’, ‘Non-SOC Net Emissions Import’, and ‘Livestock Leakage Import, Import – SOC’ do not contain any formulae and data input in each of the cells</td><td>Round 1
<u>VVB Response</u>
The project has prepared calculation workbooks with formulas that show calculations for sharing purposes. Please note that the hard-pasted formulas are imports from other workbooks that have formulas, and these workbooks collectively occupy over 15 GB of memory, which SCS reviewed during the audit. The project also prepared an ‘audit trail’ document (‘Net Emissions Workbooks Audit Trail.pdf’) that reviewers may assess for understanding how data and information moves from Orizon’s platform into their calculation workbooks. The workbooks with formulas are too large to send over email, so the VVB will work with Verra to share the files over an agreed upon file sharing system.

The audit team did independent calculations at the field level using the project’s management data as inputs and compared our results to the project’s emissions. We show graphical comparisons of emissions and net reductions calculated by SCS and the project in section 3.4.6 of the VVR.
<hr><u>Verra Response</u>

GHG ERR sheets have been provided. However, an issue is identified in the sheets that have not been discussed in the project documents.

<u>Issues</u>
Column F from ‘Samples Reconciliations’ working sheet indicates</td><td>Closed</td></tr>
</table>

		that all samples were collected in2023. However, neither Section 5.1 and 7.3 of the PD/MR has described how the initial SOC at the project start date (and throughout the monitoring period) were back-modelled. Action Required 1. The VVB must ensure that either Section 5.1 and 7.3 of the PD/MR is updated to describe how the initial SOC content at the project start date and the baseline/project SOC content throughout the monitoring period were back-modelled based on the sampled data from 2023. 2. The VVB must ensure that the PP explains how the back-modelling process adhere to the methodology requirements (Pert Section 8.2 and 8.3 of VM0042 v2.0). 3. The VVB must assess the appropriateness of the back-modeling process and the accuracy of the modelled SOC content at the project start date in Section 4.2 of the V/VR. Program Rule(s) *VM0042 v2.0,* Section 8.2.1	
		Round 2	
		VVB Response 1. The project has updated sections 5.1 and 7.3 of the PDMR to include a description of how RothC was used to back-model SOC to the project start date based upon sampled data from 2023. The audit team independently checked to ensure consistency between the project's back-modeling implementation in the project area and their description in the PDMR by rerunning code and checking model files and outputs. 2. The project's back-modeling procedure adheres to methodology requirements in section 8.2 and 8.3 with the following remarks:	

		- The project appropriately used the same validated parameters for each practice change/crop functional group (PC/CFG) combination as were validated during the model validation procedure for corresponding PC/CFGs in the project area. - The baseline and project scenarios were initialized at the same SOC value at the project start date for all sampling locations across the project area. In other words, the project and baseline scenarios started at the same SOC value at the project start date. 3. The procedure for initializing RothC to an SOC estimate at project start is appropriate and is supported by the RothC Technical Guide Part 3.1. The model is 'spun-up' to an equilibrium with an assumed 'plant residue carbon input' input at a given sample location, and the 'plant residue carbon input' is not precisely known. Note: the project start date is synonymous with 'equilibrium' conditions. The project scenario is then modelled after the model is 'spun-up' to equilibrium at the project start date, and the fit between the project scenario projection at 2023 and the sampled SOC point at 2023 is evaluated. The 'plant residue carbon input' is iteratively adjusted and the spin-up procedure is repeated until the project scenario closely aligns with the sampled SOC point in year 2023. The audit team ensured that all estimated 'plant residue carbon inputs' used by the project were physically appropriate across all sampling locations. We added the above description to the VVR in section 4.2.	
		<u>Verra Response</u> Sections 5.1.1 and 7.3.1 of the PD/MR have been updated to describe how the initial SOC content at the project start date and the baseline/project SOC content through the monitoring period have been back-modelled based on sampled data from 2023. Further, the project has described how it adheres to the methodology requirements in the updated PD/MR.	

		However, the model output results based on 'RothC Model Results - by Sample' sheet from the GHG calculation sheets show several model output data with remarkable outliers. Issue 1. Remarkable outlier values are present in the modelled output data (both baseline and project scenario) from 'RothC Model Results - by Sample' file and have been included in the net GHG ERR calculations. A summary of the data and the outliers is provided. See Background. However, the appropriateness and treatment of these outliers have not been sufficiently discussed: a. The PD/MR, or IME report do not discuss the validity or influence of these outlier data points on the overall estimation of ERRs. b. The model validation report does not assess whether the resulting SOC changes modeled in the outliers are reasonable. c. Section 7.5.6 of the PD/MR does not discuss how the uncertainty estimates (from model prediction or sampling errors) account for the presence of these outliers. Action Required 1. The VVB must ensure that the PD/MR and MVR (and IME report as needed) are updated to discuss and justify with evidence the appropriateness of all the modelled output data in the baseline and project scenarios. Specifically, the treatment and influence of outlier data points must be addressed by the project proponent and assessed by the IME. 2. The VVB must ensure that Section 7.5.6 of the PD/MR is updated to further demonstrate that the uncertainty calculation/deduction has accounted for all the outlier data	

		included in the net GHG ERR calculations. 3. The VVB must assess and confirm the appropriateness of the modelled output data, including outliers, in the V/VR. Program Rule(s) *VM0042 v2.0,* Section 8.6 Background According to the 'RothC Model Results - by Sample' sheet from the GHG calculation files, several data points appear to be significant outliers. Specifically, the maximum and minimum SOC increase in project scenario and maximum and minimum SOC decrease in baseline scenario appear to be unrealistic (see a summary of the values in the tables below). This outlier data must be accounted for in the uncertainty deduction. However, there is currently no discussion or justification regarding these outliers in any of the submitted reports (i.e., PD/MR, MVR, IME report, V/VR). This raises concerns about whether the uncertainty estimates properly account for these outlier values. The tables below are based on the data from 'RothC Model Results - by Sample' sheet.	

Project emission (Delta tSOC/ha in year)

	2018/19	2019/20	2020/21	2021/22
Avg (tSOC/ha)	0.364665	0.369775	0.706448	0.566739
Avg(tCO2eq/ha)	1.337105	1.355842	2.59031	2.078043
Max (tSOC/ha)	8.80	5.33	8.10	6.16
min(tSOC/ha)	-7.19	-7.21	-9.26	-8.59

Baseline emission (Delta tSOC/ha in year)

	2018/19	2019/20	2020/21	2021/22
Avg (tSOC/ha)	-0.25792	-0.68169	-0.41506	-0.90961
Avg(tCO2eq/ha)	-0.94571	-2.49953	-1.52188	-3.33523
Max (tSOC/ha)	8.52	5.33	3.29	2.66
min(tSOC/ha)	-8.49	-8.74	-6.80	-8.34

Round 3

VVB Response

1. The project provided an analysis in the workbook ‘Orizon_tSOC_ChangeAnalysis.xlsx’ that details an assessment of SOC stock change outliers. In brief, the project identified outliers in modelled SOC stock changes in both the Baseline and Project scenarios with 3 different approaches (Inter-quartile range, standard deviation, and z score). If a sample was identified as having an outlier SOC stock change with any of these 3 methods, then that sample’s strata was flagged as an ‘outlier stratum’. The project estimated the impact of outliers by replacing removals contributions from ‘outlier strata’ with an average removal rate of the remaining ‘non-outlier’ strata. From this, the project found that ‘outlier strata’ contribute to about 4.2% of removals. The audit team reviewed ‘Orizon_tSOC_ChangeAnalysis.xlsx’ and discuss this review in section 3.4.6 of the VVR.

Furthermore, the IME report (‘Orizon_VMD0053_v4_Evaluation_240916_Hyun_TRM.pdf’) and MVR (‘ModelValidationReport2023_v4.1_Resubmission.pdf’) address the project’s approach to inflating error variance, which was necessary in part large SOC stock changes exist in the validation dataset. For instance, the approved study Bierer (2021) used for model validation shows SOC stock changes of about 6.43 tSOC ha-1 year-1 for one of the treatments. The direct result of inflating error

		variance is an increase in the model prediction error, which directly increases the total project uncertainty deduction. The audit team confirms that the project is calculating model prediction error and total project uncertainty correctly and consistent to what is discussed in the both the IME report and MVR for the project area. 2. The project updated 7.5.6 of the PDMR, and the audit team reviewed this section. 3. The audit team updated section 3.4.6 of the VVR to discuss our review of the project's outlier analysis and appropriateness of modelled data for the project area.	
		<u>Verra Response</u> 1. The project proponent has provided an analysis stratifying the emission reduction that comes from the identified outlier samples in the modelled SOC stock changes. The analysis has been provided in Section 7.5.6 of the PD/MR where the outlier data contribute around 4.2% of the net GHG removals from SOC. 2. Section 7.5 of the PD/MR has been updated to clarify that the uncertainty analysis and uncertainty deduction has incorporated any potential outlier data from the model output. 3. The VVB has assessed the appropriateness of the uncertainty analysis, and the appropriateness of the modelled data for the project areas. <u>No further action is required, and the finding is closed.</u>	

11	No evidence of no productivity declines		
	<u>Issue</u>	**Round 1** <u>VVB Response</u> 1. The project proponent has revised sections 5.3 and 7.4 of the PDMR to provide details on productivity during both the baseline	Closed

	1. Sections 5.3 and 7.4 of the PD/MR do not include sufficient information to support that the project activity would cause no declines in the productivity. 2. The monitoring plan in Section 6.3 of the PD/MR does not have a plan to monitor the number of livestock, the number of displaced livestock and the data/parameters related to productivity due to the implementation of project activity. 3. Pbsl,p (Average productivity for product p during the historical look-back Period) has not been indicated in Section 6.1 of the PD/MR, and Pwp,p (Average productivity for product p during the project period) for the current monitoring period has not been indicated in Section 7.3 of the PD/MR. Action Required 1. The VVB must ensure that Sections 5.3 and 7.4 of the PD/MR as well as the GHG emission calculation sheets provide sufficient information to support that the project activities would not cause decline in the productivity. 2. The VVB must ensure that Section 6.3 of the PD/MR is updated to provide a monitoring plan to monitor productivity of farms. 3. The VVB must ensure to indicate the parameters Pbsl,p, and Pwp,p, in the PD/MR. 4. If there is an indication of productivity decline due to the implementation of project activities the VVB must ensure the following. a. If the productivity declines for more than 10%, the VVB must ensure to exclude those areas as part of the project activities. b. If the productivity declines between 5 to 10%, the VVB must ensure that the project calculates the leakage emissions due to	and project scenarios. Supporting published studies are cited, demonstrating that improved agricultural management practices enhance soil water-holding capacity, reducing the risk of productivity decline. Additionally, a table comparing crop productivity under both baseline and project scenarios has been added, confirming that no productivity decline occurred during the monitoring period. The audit team reviewed the referenced studies (Refs. 56 and 79 in section 2.2 of the VVR) and farmer data (Ref. 1 in section 2.2 of the VVR) to verify that project activities did not negatively impact productivity during the first monitoring period. 2. A new subsection (6.3.7) has been added to the PDMR, detailing the methodology for monitoring farm productivity. The audit team reviewed the updated PDMR and confirmed that it includes sufficient information to monitor farm productivity. 3. The project proponent has included parameters Pbsl,p, and Pwp,p, in the PDMR. The audit team reviewed Sections 6.1 and 7.1 to confirm that these parameters are appropriately included with all necessary details. 4. The audit team reviewed farmer yield data (Ref. 1 in section 2.2 of the VVR) and confirmed that no productivity decline occurred during the first monitoring period. 5. No updates to leakage emissions were deemed necessary as no productivity decline occurred during monitoring period. Section 3.4.6 was updated to include more information in how we assessed leakage emissions. Verra Response	

	productivity declines. i. Alternatively, the project may calculate the productivity comparatively with the regional productivity per equation 36 of VM0042. c. If the declines are less than 5%, the VVB may opt to not calculate the leakage emissions due to decline in productivity. 5. The VVB must assess all of the updated information regarding leakage emissions in the V/VR. Program Rule(s) *VM0042 v2.0,* Section 9.2	1. Sections 5.3 and 7.4 of the PD/MR have been updated to provide sufficient information (and data) to support that project activities would not cause decline in the productivity. 2. Section 6.3 of the PD/MR has been updated to provide more details on how farm productivity is monitored. 3. Section 6.1 and 7.1 of the PD/MR has been updated to indicate all the relevant parameters. 4. The project proponent has provided evidence that there are no productivity declines in the current monitoring period.. 5. The VVB has assessed all the updated information regarding leakage emissions in Section 3.4.6 of the V/VR. No further action is required, and the finding is closed.	

12	**Insufficient information for data/parameter**		
	Issue 1. Section 6.1 of the PD/MR does not contain sufficient information regarding the data/parameters available at validation: a. The following data/parameters have not indicated its value: i. Popbsl,l,i,t,P ii. Daysbsl,l,i,t,P iii. Mbsl,SF,i,t iv. Mbsl,OF,i,t v. MSbsl,l,i,t vi. $Pbsl,p$ vii. $RPbsl,p$ b. The following data/parameters have not indicated its value and the source of the data based on the hierarchy of the preferred data	**Round 1** VVB Response 1 The project proponent has updated section 6.1 and 7.1 of the PDMR and provided sufficient information on all data/parameters available at validation and monitoring period. The audit team reviewed the PDMR and farmer data (Ref. 1 in section 2.2 of the VVR) to confirm that sufficient information, including data sources and values for all parameters available at validation and monitoring period, has been appropriately included. The audit team confirms that these parameters have been appropriately calculated according to methodology requirements. Verra Response	Closed

	per Box 1 of VM0042: i. FFCbsl,j,i,t ii. MBbsl,c,i,t iii. MBg,bsl,i,t 2. Section 7.1 of the PD/MR does not contain sufficient information regarding the monitored data/parameters in the current monitoring report: a. The following data/parameters have not indicated its value : i. Dayswp,I,I,t,P,S ii. Popwp,I,I,t, iii. MBwp,c,I,t iv. Mwp,SF,I,t v. Mwp,OF,I,t vi. MBg,wp,i,t vii. NexI,P b. The following data/parameters have not indicated its value and the source of the data based on the hierarchy of the preferred data per Box 1 of VM0042: i. $FFC_{wp,j,i,t}$ Action Required 1. The VVB must ensure that Sections 6.1 and 7.1 of the PD/MR are updated to provide sufficient information on all data/parameters available at validation and monitoring period. Program Rule(s) *VCS Joint Project Description and Monitoring Report v4.3,* Sections 6.1 and 7.1. *VM0042* v2.0, Sections 9, 9.1 and 9.2,	Sections 6.1 and 7.1 of the PD/MR have been updated to include all the values and the data sources (per hierarchy of the preferred data per Box 1 of VM0042) of each validated and monitored parameter. All of the parameters have been assessed by the VVB in Section 3.4.6 of the V/VR. No further action is required, and the finding is closed.	

13	Unclear implementation status of the project		
	Issue 1. Section 2.1.2 of the PD/MR states that the primary stakeholder consultations were conducted in 2022 and 2023, which is after the end of the project's monitoring period. a. It is unclear if the PP had any stakeholder engagement or consultations before the project start date, or during the monitoring period. If no, i. See also Finding 8. It is unclear how the project required the intervention of the PP to overcome the project's barriers, considering that the project activities had already started before the PP started the process of stakeholder engagement and consultation. ii. It is unclear how the PP has confirmed that the farmers have conducted ALM practices since the project start date, considering the stakeholder consultation happened only after the end of the monitoring period. iii. It is unclear how ALM practices have been implemented sufficiently, considering that the stakeholder consultation occurred after the end of the monitoring period. Action Required 1. The VVB must ensure that Section 4.1 of the PD/MR is updated to demonstrate with evidence how the PP	**Round 1** VVB Response Section 2.1.2 had previously listed only more formal consultations that occurred after the project start (e.g., group workshops) as examples, but the PDMR omitted individual consultations with participating growers. These more informal consultations took place prior to the project start date, stretching back to 2017. The project submitted a more detailed list of consultations with growers, and the audit team reviewed this list (Ref 74 in section 2.2 of the VVR). During on site interviews, the audit team questioned growers on where they first learned about regenerative agriculture practices. They mostly cited consultants and product distributers that were or are partnered with Orizon, which are listed in Ref 74 in section 2.2 of the VVR. The barriers to implementing regenerative agricultural practices on fields now enrolled by the project that were identified by growers during site visit interviews align with barriers now described in more detail in section 3.5 of the PDMR. The audit team sees no contradiction in this assessment. Verra also cites section 3.18 for this finding, but the basis of this finding appears to be 'prior stakeholder consultation', which is specifically section 3.18.2. Section 3.18.2 states: "The project proponent shall conduct a stakeholder consultation before implementation of project activities. Such consultations shall be done in a manner that is inclusive, culturally appropriate, and respectful of local knowledge, and shall include:…" Page 84 of the Standard v4.7 shows the effective date for sections 3.18-19, and states for 3.18.2: "Section 3.18.2 which does not apply to projects with a start date prior to 1 October 2023."	Closed

	monitored the project activities in the current monitoring period. 2. The VVB must ensure that the PP provides clarification whether stakeholder engagement and consultation have occurred during this monitoring period. Program Rule(s) *VCS Standard, v4.7*, Section 3.18 *VM0042, v2.0,* Section 7	Given that Orizon's start date is August 1, 2018, and that they have supported this with evidence, it appears this finding is referencing requirements that are out of scope for this audit engagement. Verra Response Section 2.1.2 of the PD/MR has provided clarifications that stakeholder consultations have occurred prior to the project start date, which was conducted from 2017. This has also been confirmed by the VVB. *While Section 3.18.2 of the VCS Standard v4.7 is not applicable to projects with a start date prior to 1 October 2023, it is important to note that project activities must have been initiated by the project proponent. This would not be possible without any sort of engagement by the PP towards the farmers. If no engagement was conducted by the PP prior or during the project start date, the agricultural practices from the project activities may have been implemented under the baseline scenario. Therefore, it is important to ensure that new practices are introduced through stakeholder engagement (if not a formal stakeholder consultation) prior to the start date.* No further action is required, and the finding is closed.	

14	Insufficient demonstration of commercially sensitive information		
	Issue 1. Section 1.19 of the PD/MR does not sufficiently demonstrate that the information is commercially sensitive. It is unclear how information relating to management practices or the soil samples taken as part of the sampling strategy is considered	**Round 1** VVB Response 1. The project proponent has updated Section 1.19 of the PDMR and provided justification for the redaction of commercially sensitive information from the public versions of project documents. The audit team reviewed the updated PDMR and	Closed

	commercially sensitive information and excluded in the project description. Action Required 1. The VVB must ensure the project updates Section 1.19 of the PD/MR to demonstrate how the information identified in Issue 1 meet the VCS Program definition of commercially sensitive information. 2. The VVB must updated the VVR with an assessment of how the information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. The VVB must ensure that any information that is not commercially sensitive must be included in the project description. Program Rule(s) *VCS Standard, v4.7*, Sections 3.5.3 and 3.5.4	confirms that the redacted information including detailed management practices per field, soil sampling results per field, and any farmer-identifiable information, meets the definition of commercial sensitive information definition, As per the VCS Program Definitions of Commercial Sensitive Information, this refers to “trade secrets or confidential business information that, if disclosed, could result in commercial or competitive harm to the project proponent or project participants.” Disclosure of the exact soil sampling results per field along with exact practice management changes per field in a public document would enable Orizon’s competitors to correlate stock changes (as more sampling data becomes publicly available over time) to practice changes, thereby enabling them to calibrate their own soil carbon models. This would undermine the significant investments made by the project proponent by allowing competitors to freely take advantage of soil carbon sequestration information that is not possible to obtain without incurring expensive soil sampling costs (arguably one of the costliest components incurred by VM0042 project proponents). The audit team further confirms that all necessary information was fully reviewed during validation and verification and is also available to Verra in a confidential submission procedure. Only the information considered commercially sensitive has been redacted from public documents. 2. The audit team has updated section 3.1 ‘Additional information relevant to the project’ and Appendix 1 in the VVR accordingly with the above clarifying information. Verra Response 1. Section 1.19 of the PD/MR has been updated to provide more details regarding the commercially sensitive information. Section 3.1 and Appendix 1 of the V/VR provides an assessment	

		that the commercially sensitive information meets the VCS definition of commercially sensitive information.No further action is required, and the finding is closed.	

15	Audit History table is missing		
	Issue Section 1.2 of the PD/MR does not include an audit history table. Action Required The VVB must ensure the project updates Section 1.2 of the PD/MR to include an audit history table. Program Rule(s) *VCS Joint Project Description & Monitoring Report Template, v4.4,* Section 1.2 Background For projects undergoing crediting period renewal, include the audit history of the project using the table below. **For the project validation, state the validation date in the Period column. This table should include all monitoring periods, including the period of this monitoring report.**	**Round 1** VVB Response 1. The project proponent has added the audit history table in section 1.2 of the PDMR. The audit team reviewed the PDMR and confirmed the inclusion of this table. Verra Response An audit history table has been included in Section 1.2 of the PD/MR. No further action is required, and the finding is closed.	Closed

16	Insufficient justification of non-permanence risks		
	Issue 1. Project Management: Section 3.5 of the VVR does not sufficiently assess the project's adaptive management plan, including if the project's cashflow sheet along with the monitoring plan in the PD/MR can be considered an adaptive	**Round 1** VVB Response 1. The audit team has revised the project management table in section 3.5 of the VVR. The audit team reviewed the adaptive management plan provided by the project proponent, and the project has uploaded their adaptive management plan to Verra's project hub. 2. Furthermore, the project longevity table in section 3.5 of the VVR was	Closed

	management plan, 2. Project Longevity: Per Section 3.5 of the VVR, the agreements between the PP and the farmer are renewable up to a duration of 100 years, It is unclear a. The period/duration of the current agreement, i.e. before it needs to be renewed. b. If the contract is renewable, it is unclear how the project claims the risk score per Q2 of Table 1.4 in the NPRR. 3. Stakeholder engagement: It is unclear how Q1 does not apply to the project (i.e. response is 'No'), considering the stakeholders identified by the project are the participating farmers, and farm workers. <u>Action Required</u> 1. The VVB must ensure the project updates the NPRR to address the issues raised. The VVB must update Section 3.5 of the VVR with an assessment of the updated NPRR and risk scores. <u>Program Rule(s)</u> *AFOLU Non-Permanence Risk Tool, v4.2*	revised. Upon re-review of the farmer agreements and our initial language in Section 3.5 of the VVR, we acknowledge the incorrect reference to the contracts being "renewable up to a duration of 100 years." We confirm that the farmer agreements are valid for the full project term of 100 years. As per the contract language, "This Agreement commences on the Signature Date and terminates on the date that all payments have been made for the final Crediting Period, unless terminated as otherwise provided for herein." Given that the crediting period is 25 years, renewable up to three times, the agreements cover the full potential project duration of 100 years without requiring additional renewals beyond what is already specified in the contracts. Section 3.5 of the VVR has been revised to reflect that the agreements are valid for 100 years, aligning with the project documentation and contract terms. 3. As stated in the VCS Standard, stakeholder engagement shall be assessed if local populations, including those living within the project area or within 20 km of its boundary, are reliant on the project area for essential resources such as food, fuel, fodder, medicines, or building materials. Based on site visits and interviewing the participating farmers and farm workers, the audit team confirmed that neither the participating farmers nor farm workers are reliant on the enrolled project fields for these essential resources. While farmers and workers live in the vicinity of the project fields, the fields are used exclusively for commercial agricultural production under contractual agreements. There is no dependency on the project area for subsistence needs as outlined in the standard. Therefore, the audit team confirmed that the stakeholder engagement risk assessment is not applicable to this project. The VVR has been updated to clarify this assessment. Please note that the risk scores have not changed since the original assessment, as there are no changes to these risk scores after our update of section 3.5 the VVR. <u>Verra Response</u> 1. Evidence of adaptive management and project cashflow has been provided. Those evidences are found to be appropriate.	

		However, this finding cannot be closed. The project has provided additional documents that the implementation contract is for 25 years, which can be renewed for 100 years. But no additional evidence have been provided that the implementation of project activity is 100 years. <u>Issues</u> 1. No evidence has been provided that the implementation of project activities will be conducted for 100 years. <u>Action Required</u> 1. The VVB must ensure that the project proponent provides appropriate documented evidence that the project longevity is 100 years. Alternatively, the VVB must ensure to update the project longevity. 2. The VVB must ensure the project updates the NPRR to address the issues raised. 3. The VVB must update Section 3.5 of the VVR with an assessment of the updated NPRR and risk scores. <u>Program Rule(s)</u> *AFOLU Non-Permanence Risk Tool, v4.2* <u>Background</u> The evidence that was presented is documented evidence that the project activities will continue for 25 years, that *may* be updated to up to 100 years. It is not a legally binding evidence that the implementation of activities will continue 100 years after the project start date.	
		Round 2	
		<u>VVB Response</u> 1. Please note, the participation contract states: “This Agreement commences on the Signature Date and terminates on the date that all payments have been made for the final Crediting Period, unless terminated as otherwise provided for herein.”	

		The above contract language ensures that farmers must participate in the project until the end of the final crediting period. The crediting period is 25 years, 3 times renewable (meaning 100 years). The cashflow and adaptive management plan account for a 100 year project lifecycle, which aligns with the 100 year crediting period. Please note that this crediting period design aligns with requirements in section 3.9.3 of the VCS Standard, v4.7. 2. Given the above clarification, no adjustment to the NPRR is necessary. 3. Please note that the audit team found another erroneous instance of language in our VVR about participatory contracts "being renewable for a total of up to 100 years" in section 3.5, Project Longevity, Q3-Q4, Q7(b). This language has been deleted from the VVR, as the participatory contracts extend through the lifetime of the project. Given the above clarification, no other changes relating to the NPRR or risk scores have been made in Section 3.5 of the VVR.	
		Verra Response Evidence supporting 100-year project longevity has been submitted and accepted. However, the Project Longevity risk score must be revised. Therefore, this finding remains open. Issue Although 100-year project longevity is justified, the response to Question 2 in Section 1.4 of the NPRR is incorrect. There is no evidence of a legally binding agreement for 100-years. Action Required 1. The VVB must ensure that Section 1.4 of the NPRR is revised as follows: a. Update the response to Question 2 to "No", unless a legally binding 100-year agreement is provided. And,	

		b. Complete Questions 3–8 and recalculate the total Project Longevity risk score. 2. The VVB must ensure that the ERRs and other project documents are updated with the revised Project Longevity risk. 3. The VVB must update Section 3.5 of the VVR with an assessment of the updated NPRR and risk scores. <u>Program Rule(s)</u> *AFOLU Non-Permanence Risk Tool, v4.2,* Section 2.2.4 <u>Background</u> Question 2 of Table 4 in the NPR Tool asks whether the project has a legally binding agreement covering at least 100 years from the project start date. It is not intended to confirm the project longevity itself, which is addressed in Question 3.	
		Round 3	
		<u>VVB Response</u> 1. The audit team confirms that although the project longevity of 100 years is correctly represented in the adaptive management plan, monitoring plan, and shared financial plans, that a 100 year period is not explicitly mentioned in the participatory contracts. It is implied that the contracts will be renewed for each crediting period up to a period of 100 years, however, the audit team acknowledges that it is not certain that each future crediting period will be renewed. Therefore, the more appropriate choice for Q2 is ‘No’ and Q7 is ‘a’. The audit team reviewed the project’s updated NPRT and confirm that they chose ‘No’ for Q2 and ‘a’ for Q7. The project risk has been correctly updated to 20%. 2. The audit team reviewed the updated NPRT, updated PDMR, and calculation workbook (‘VCS 3368 ERR Calculations Spreadsheet (Redacted) 30_07_2025 (20% Buffer).xlsx’). The changed risk score has been appropriately propagated throughout all relevant calculations and documentation.	

		3. The audit team updated section 3.5 of the VVR accordingly. Sections 5.2-5.4 of the VVR have also been updated to show estimated ex-ante VCUs and ex post VCUs resulting from the 20% risk score.	
		Verra Response The NPRR has been updated where the risk rating score is changed from 0 to 5. The project longevity has been changed to 100 years without a legally binding agreement. Section 3.5 of the VVR has been updated with an assessment of the revised project longevity risk. The ERRs have been revised to reflect the updated risk score. ERRs have been consistently updated across all project documents. No further action is required, and the finding is closed.	