THE REDD PROJECT IN BRAZIL NUT CONCESSIONS IN MADRE DE DIOS, PERU VCS VERIFICATION

Document Prepared by AENOR INTERNACIONAL S.A.U.

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Summary:

AENOR has carried out the verification of the REDD Project in Brazil Nut Concessions in Madre de Dios, Peru (the Project) verification process against the VCS version 4.1 standard. The Project is an AFOLU (REDD+) project which is being established with the objective to reduce unplanned deforestation within the limits of a group of a Non- Timber-Forest-Products (NTFP) (Brazil nuts) forest concessions. Bosques Amazónicos SAC (BAM) is the project proponent organization (PP), with Federación de Productores de Castaña de Madre de Dios - FEPROCAMD as its implementation partner.

The validated Project Area is comprised of a group of 405 concessions of Brazil nut covering 329,564,04 hectares, but for this verification period, the PP excluded all the Brazil nut harvesters who did logging because of a methodological restriction, then the Project Area is comprised of a group of 351 concessions of Brazil nut covering 281,629.23 hectares. The project proponent applies the VCS approved VM0007 v1.1 methodology.

The project starts and implementation date is 24 of September 2009 and will be operational until 31 of December 2040. This is a grouped project. The crediting period starts on 1st January 2010 to 31st December 2040.

The purpose of the verification was to determine the conformance of the project with respect to the VCS Standard v4.1 and the validated PD and the assessment of the ex-post monitored anthropogenic GHG emissions reductions and/or removals that have occurred as a result of the project's activities. The scope of the verification was to assess the conformance of validated project, once implemented, with the VCS requirements and requirements in the validated PD. The process was performed through a combination of desk review, interviews, and communications with relevant personnel.

This is the sixth verification event, corresponding to the monitoring period from 1 January 2020 to 31 December 2020.

During the verification 4 CLs and 4 CARs were raised. All these issues where appropriately closed by means of corrections, more clear explanations, and other supporting documents.

Once all issued detected were appropriate resolved, AENOR carried out this final verification report and deems with reasonable level of assurance that the project complies with all of the verification criteria. The assessment team has no restrictions or uncertainties with respect to the compliance of the project with the verification criteria, hence, the audit team concludes that the cumulative net GHG emissions reductions or removals of 2,206,081 tCO2e of greenhouse gas (GHG) emissions was avoided by implementation of the project activities over the time period between 01-January-2020 to 31-December-2020, corresponding to the monitoring period covered by this verification.

A buffer discount rate of 10% was applied, resulting 1,883,326 VCUs eligible for issuance.

1 INTRODUCTION

1.1 Objective

The objective of the verification audit was to conduct an independent assessment of the project to determine:

- The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated project description (PD), including the monitoring plan.
- The extent to which GHG emission reductions and removals reported in the monitoring report (MR) are materially accurate.

1.2 Scope and Criteria

The scope of the verification audit was to verify the emissions reductions and/or removals of the project, REDD Project in Brazil Nut Concessions in Madre de Dios against the Verified Carbon Standard, the identified methodology and the validated PD throughout the monitoring period from 01 January 2020 to 31 December 2020.

The objectives of this audit included a verification of the Project's calculated reductions and/or removals and the non-permanence risk assessment report with the Verified Carbon Standard requirements and any additional requirements of VCS AFOLU projects. In addition, the audit assessed the project with respect to the validated baseline scenarios presented in the PD.

In accordance with Section 4.1.8 of the VCS Standard, the criterion for validation and verification was the VCS Version 4.1, including the following documents:

- VCS Standard v4.1
- VCS Program Guide v4.0
- VCS AFOLU Non-Permanence Risk Tool v 4.0

Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS guidance document.

1.3 Level of Assurance

The assessment was conducted to provide a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the audit findings, a positive evaluation statement reasonably assures that the project GHG assertions are materially correct and is a fair representation of the GHG data and information.

All the versions of the verification report were subjected to an independent internal technical review before being submitted to the client to confirm that all verification activities had been completed according to the pertinent AENOR instructions required. The technical review was performed by a technical reviewer(s) qualified in accordance with AENOR´s qualification scheme for VCS validation and verification.

The threshold for materiality with respect to the aggregate of errors, omissions, and misrepresentations relative to the total reported GHG emission reductions/removals was one percent (1%), as established for large projects by the VCS Standard.

1.4 Summary Description of the Project

The Project is within the Agriculture, Forestry and Other Land Use (AFOLU) sectoral scope and consist in a Reduced Emissions from Deforestation and Degradation (REDD) project, under the category of Avoiding Unplanned Deforestation and/or Degradation (AUDD). It was developed and implemented in the Madre de Dios region, in Peru. It consists of a total area of 281,629.23 ha within 351 forest concessions and was prepared based on the VM0007 v1.1 methodology. The project estimates that it has avoid the emission of 2,206,081 tCO2e from 01 January 2020 to 31 December 2020 (monitoring period).

According to the validated PD, the main strategy related to reducing deforestation in the project area refers to strengthening the federation of Brazil Nut producers and generating income through the forest management of non-timber forest products (Brazil nuts). Specifically, the project activities include:

- Implementation of the Forest Monitoring and Surveillance System.
- Training deforestation agents in alternative and sustainable productive Initiatives.
- Training and establishment of community tree nurseries.
- Forest enrichment through plantation of native species.

The basic characteristics of the project are:

- Project start date: 24th September 2009.
- Project duration: 31 years.
- GHG crediting period: 1st January 2010 to 31st December 2040.
- Carbon pools: above-ground biomass, below-ground biomass.
- Emission sources: CH_4 and N_2O from burning of biomass.
- Verification start date: 30st October 2019.
- Monitoring period: 01 January 2020 to 31 December 2020.

2 VERIFICATION PROCESS

2.1 Method and Criteria

The verification was performed through a combination of document review and interviews with relevant personnel, as discussed in Sections 2.2 through 2.4 of this report. At all times, the project was assessed for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5, findings were issued to ensure that the project was in full conformance to all requirements.

A project specific Verification and Sampling Plan was developed to guide the verification auditing process to ensure efficiency and effectiveness. The purpose of the Verification and Sampling Plan was to present a risk assessment for determining the nature and extent of verification procedures necessary to ensure the risk of auditing error was reduced to a reasonable level. The Verification & Sampling Plan methodology was derived from all items in our verification process stated above. Specifically, the sampling plan utilized the VCS guidance documents and ISO 14064-3. Any modifications applied to the Verification and Sampling plan were made based upon the conditions observed for monitoring in order to detect the processes with highest risk of material discrepancy.

The verification activities in which risks were assessed were the evaluations of the monitoring system (data flow, data control procedures, etc.) but mainly the quality of raw data as well as sources and the spreadsheet calculations. AENOR reproduced and verified 100% of sheets in the Excel file:

- Castañero REDD, Project Calculations 2020, for the monitoring period 01 January 2020 – 31 December 2020 for the project area. The project boundary and deforested areas in the project area for the monitoring period were 100% checked using the GIS database.

The carbon stock changes, and the land used classes in the project area were also 100% verified and crosschecked with validated values.

AENOR carried out a deep and meticulous review of the spreadsheets in order to verify the correct application of the methodology (formulae, equations.) and checked that data required calculating the GHG removals were appropriately provided. Based on the assessment carried out, AENOR confirms with a reasonable level of assurance that the claimed emission reductions are free from material errors, omissions, or misstatements.

AENOR confirms that sufficient evidence was presented for the reported net anthropogenic GHG emission reductions and that there is a clear audit trail that contains the evidence and records that validate the stated figure in this verification report since:

- Sufficient evidence available: The project participant has provided the 100% of data used in the calculations to achieve the final amount of GHG emission reductions reported.

- Nature of evidence: The raw data were collected from reliable sources. They are detailed in the project documents and have been provided to the verification team and were checked during the interviews.

- Cross-checked evidence: AENOR cross-checked the collected information through interviews with stakeholders and reproducing calculations.

Hence, AENOR confirms that the stated figures in the monitoring report are correct and confirms that is able to certify net anthropogenic GHG removals based on verifiable and reliable evidence.

2.2 Document Review

A detailed review of all project documentation was conducted to ensure consistency with, and identify any deviation from, VCS program requirements, the methodology (VM0007 v1.1 methodology), and the validated PD. Initial review focused on the MR and included an examination of the project details, implementation status, data and parameters, and quantification of GHG emission reductions and removals. Documents reviewed included data from monitoring, carbon rights contracts, forest management agreements, maps and aerial images, monitoring and grievance SOPs, biomass and carbon calculation spread sheets, and responses to Corrective Action Requests (CARs) and Clarifications (CLs).

The verification included a review of the validated PD and MR, relative to the field conditions and interviews with project management staff and stakeholders.

The VCS AFOLU Non-Permanence Risk Tool was used by the Project Proponent to assess overall project risk. AENOR reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the Project adheres to the requirements set out in the VCS AFOLU Non-Permanence Risk Tool. Each risk factor was thoroughly assessed for conformance. The final score was calculated to be 10%.

For a listing of all documents received from the client for this verification, please see Appendix 1.

2.3 Interviews

Interviews were performed as part of the overall verification process which was additional to that provided in the project description, monitoring report and any supporting documents. The AENOR verification team met with individuals with various roles in the project. This included a series of interviews with in-country staff that support the mission of the project. In addition, interviews discussions were conducted with project members and leaders of the local communities. The following table summarizes the interviews carried out during the process.

Name	Title/Organization/Community
David Asturima H.	FEPROCAMD (President)
Raúl Andy Huanaco Huanca	FEPROCAMD
Carlos Gameros M.	BAM
Florencia Paredes Dueñas	FEPROCAMD,
Abigail Sanz Salinas	FEPROCAMD
Daisy Chavez Puma	FEPROCAMD
Carlos moreno,	Concession, Alegría sector
Cornelio Bolivar	Stone Sector, president of one of the asossiation of Feprocamd

Due to the COVID-19 pandemic situation, all interviews were carried out through videoconference, as explained in Section 2.4. The interviews were carried out on June 30th, 2021.

2.4 Site Inspections

Due to the exceptional situation caused by the COVID-19 crisis and the travel restrictions established by governments for safety reasons, it was not possible to carry out a site visit as part of the verification process of the project.

In accordance with VERRA's COVID-19 Travel Guidance for Projects (dated 18 March 2020) and since that the VCS Programs does not explicitly mandate site visits. AENOR as VVB proposed to carry out a remote verification audit that ensured the achievement of the assurance level required by the VCS program.

The remote audit was based on the following auditing techniques:

- Document review and cross checks between the information provided in the in the MR, the PD and supporting information and evidence provided by the PP Emissions calculations, GIS database, and supporting information and evidence provided.
- Review, based on the selected methodologies, tools and the other applied methodological regulatory documents, of the appropriateness of formulae and accuracy of calculations.
- Telephone, teleconference and/or e-mail interviews for the implementation of project activities and the elaboration of project's documents.
- Cross checks between information provided by interviewees to ensure that not relevant information has been omitted.

For the verification of project activities and monitoring, in addition to the interviews described in Section 2.4, the following means were used:

Project activity	Mean of verification
Concession of Alcibiades Canelos Yombo	• Video testimony of concession
Concession of Aurelio Mamani Mamani	• Video testimony of concession
Concession of Daniel Ideme	• Video testimony of concession
Concession of Dionizia Ccorahua	• Video testimony of concession
Concession of Juan Flores	• Video testimonies of concession
Concession of Francisco Chávez Chura	• Video testimonies of concession
Concession of Alipio Acha Caya	• Video testimonies of concession
Concession of Juan Ernesto Rivero Lazo	• Video testimonies of concession
Concession of Carlos Condori Cespedes	• Video testimonies of concession
Concession of Rodolfo Manani	• Video testimonies of concession
Concession of Willy Revilla Vargas	• Video testimonies of concession
Concession of Jorge Carlos Conzalez Irarica	• Video testimonies of concession
Concession of Leoncio Pacheco	• Video testimonies of concession
Concession of Augusto Fernandez Collado	• Video testimonies of concession
Concession of Cleydi Econema Paz	• Video testimonies of concession
Concession of Maria Cristina Huaman Cabrera	• Video testimonies of concession
Concession of Hugo mamani Chávez	• Video testimonies of concession
Concession of Juan Emilio Barriga Viza	• Video testimonies of concession
Concession of Siria Mamani Paredes	• Video testimonies of concession
Concession of Melitón Mejía	• Video testimonies of concession
Concession of Saturnino Villafuerte Blanco	• Video testimonies of concession
Concession of Luis Tapia Pimentel	• Video testimonies of concession
Concession of Pablo Dueñas	• Video testimonies of concession

2.5 Resolution of Findings

All documentation provided by the PP was assessed against the applicable version of the relevant VCS guidance document. Several clarification requests (CL) and corrective action requests (CAR) were raised and submitted to the PP, which addressed them either by providing to the audit team the requested information or by making the appropriate corrections. Updated versions of the documentation were submitted by the PP and the audit team reassessed them against the guidance documentation. This process was repeated iteratively until all CL and CAR were fully closed. Specifically, 4 CLs and 4 CARs were raised.

All findings issued by the AENOR audit team during the verification process have been closed. In accordance with Section 4.1.13 of the VCS Standard, all findings issued during the verification process, and the inputs for their closure, are described in Appendix 2 of this report.

2.5.1 Forward Action Requests

No FARs were raised to the PP during this verification process.

2.6 Eligibility for Validation Activities

AENOR holds accreditation for validation for the relevant sectorial scope 14 under which this project activity is classified.

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

The verification team is not aware of project involvement in other forms of environmental credits from its activities. The project has not been registered, and is not seeking registration, under any other GHG programs.

3.2 Methodology Deviations

The project proponent reported one methodology deviations:

1) A methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every two years. Considering that a first PRA was conductedin 2012, the project proponent should have made this diagnosis in 2014 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. The audit team has considered this deviation of methodology as acceptable, since 1) there is no way to perform PRAs with the frequency determined by the monitoring module at the present time for the current monitoring period subject to this verification and 2) it is possible to assume that the level of forest degradation monitored until 2018 is higher than the level of forest degradationpossibly found by the realization of PRAs in 2014 and 2016.

Therefore, the methodology deviation applied to the project is valid, since does not negatively impact the conservativeness of the quantification of GHG emission removals.

3.3 Project Description Deviations

The project proponent describes PD deviations related to the implementation of the project activities as listed in the validated DP. These are the followings:

A1. Implementation of the forest monitoring and surveillance system,

According to validated PD, considering the strategies related to impacts over the climate, the proponent must make efforts to implement a surveillance system.The surveillance system proposed in the validated PD, in turn, was replaced by an informal protocol of complaints about deforestation perceived by the concessionaires to the federation.

This project deviation was assessed against the following documentation, Technical meeting 2020.

A3. Implementation of a forest nursery,

According to validated PD, considering the strategies related to impacts over the climate, the proponent must make efforts to implement a seedling nursery. In interviews, the project proponent justified the failure to carry out the nursery for financial reasons, while also highlighting his commitment to carrying out such activities over the subsequent monitoring periods.

The nursery will be implemented in 2021 according to the technology and capacities currently developed BAM's genetic improvement program.

This project deviation was assessed against the following documentation: Proposal Improvement program genetic BAM 2020.

A4. Enrichment by planting native species.

According to validated PD, considering the strategies related to impacts over the climate, the proponent must make efforts to promote enrichment of forests through planting native species. In interviews, the project proponent justified the failure to carry out the enrichment actions for financial reasons, while also highlighting his commitment to carrying out such activities over the subsequent monitoring periods.

As stated in the project deviation above, the selected species will be taken to the forest with the help of the FEPROCAMD. This project deviation was assessed against the following documentation: Proposal Improvement program genetic BAM 2020.

A8. Implementation of a Brazil nut processing plant

The feasibility study for the implementation of a Brazil nut processing plant was carried out according to the reality of the area in 2009. Resources are now available, aligned to market growth. Accordingly, in 2021 the project started the project feasibility analysis and processing plant Project (business model) and find the best way to generate the greatest possible impact for the benefits of our partners.

This project deviation was assessed against the following documentation: Project feasibility analysis and business model.

Suggestion box

In addition, regarding the implementation of the System of Complaints and Conflicts, according to the flowchart in the PDD, the mailbox should have been installed in the provincial municipalities of Tahuamanu and Tambopata. However, in practice it was install in the Federation.

This project deviation was assessed against pictures.

The verification team understands that the proposed PD deviations does not impacts the applicability of the methodology, additionality, or the appropriateness of the baseline scenario and that they were properly justified by the project proponent.

3.4 Grouped Project

The project under verification is a Grouped Project. However, for this monitoring period the proponent did not include new project instances, so it was not necessary to assess the adherence of new areas against the criteria of the VCS standard and the requirements of the methodology used in the project.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

The MR of REDD Project in Brazil Nut Concessions in Madre de Dios provides in its Section 3.1 a detailed description of the activities implemented by the project since its start, except for the project deviations reported in section 3.2.2 of the MR. During this verification process, AENOR has not detected project changes in regards of the project title, its purposes and objectives. As such, the project activity accurately reflects the proposed project which consists of avoiding deforestation through direct conservation support, engagement and capacity building with key Government and community stakeholders, performance-based payments to community stakeholders delivered through local institutions, and promotion of alternative livelihood activities.

During the verification process, the audit team checked the actual implementation of project activities through the analysis of evidence provided by the PP and through interviews to local stakeholders and project staff. No discrepancies have been found between the gathered evidence and the implemented activities reported in the

MR, as well between the MR and the planned activities in the PD, except for the project deviations reported in section 3.2.2 of the MR.

The project is designed as a grouped project. For the present monitoring period, no new instances were included.

After the review of the MR, spreadsheet and the other document to support calculations such as GIS information, surveys and others, AENOR deems that project status is in compliance with applicable methodologies and implementation is in support of the VCS principles of Conservativeness and Accuracy.

Related to the compliance with the Monitoring Plan, section 4.3 of the MR provides information about the monitoring plan and actions carried out for the current monitoring period. AENOR reviewed the procedures put in place to perform the biomass inventories and deems that they are in accordance with the procedures described in the validated monitoring plan. AENOR checked the monitoring plan contained in the validated PD and compared it with the MR to verify whether there was any difference that would cause an increase in estimates of the GHG emission reductions in the current monitoring period. AENOR has confirmed that there are no material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodologies. Also, the project proponent effectively monitors the required parameters to determine the project's removals by sinks and emissions by sources as required by the monitoring plan and the applicable methodologies.

The parameters reported, including source, frequency and review criteria as indicated in the monitoring plan were verified to be correct and in line with the monitoring plan of the validated PD and the monitored parameters. Regarding leakage emission, they account 0. In this regard, AENOR has checked evidence provided which confirms the information included in the MR. In addition, no biomass loss events were reported during this verification period.

There is no evidence of double counting or that the project has participated nor been rejected under any other GHG programs. GHG emission reductions or removals generated by the project are not included in an emission trading program or any other mechanism that includes GHG allowance trading. The project has not received or sought any other form of environmental credit.

Regarding the sustainable development, AENOR interviewed local stakeholders, and verified the claimed impacts of the project and the contribution to the achievement of the 7th National Development Plan.

The previously validated methodology deviations are:

1. A methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every two years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2015 and 2016. Instead the project proponent stated that the last PRA was made only in 2018.

After a complete review of the different documents provided and the information gathered through the remote audit process, AENOR is able to confirm that the project implementation is in accordance with the validated PD, except for the project deviations reported in section 3.2.2 of the MR.

There are not material discrepancies between project implementation and the project description.

4.2 Safeguards

4.2.1 No Net Harm

The project proponent does not identify any negative socio-environmental impacts due to the project activities implementation. The audit team agrees with this determination, considering itis a project aimed at reducing deforestation, promoting social benefits, and conserving biodiversity. It should be noted that the project design was validated against the CCB standard in 2008. Currently, the project's status about CCB certification is "validation expired", but in practice, the project proponent has still performed some of the social activities inherent to the project's design under CCB, as planned in the validated PD. The project is under the process of revalidation of CCB.

4.2.2 Local Stakeholder Consultation

The project proponent sustains a continuous process of engagement with communities through the work of FEPROCAMD in association with other grassroots associations. In addition, the project proponent maintains an open channel for complaints at the headquarters of FEPROCAMD and reports in a transparent manner the complaints received in its Monitoring Report The audit team had the opportunity to witness FEPROCAMD meetings with the concessionaires during the verification and conclude that the relationship between the parties is natural & constant, and considers that the responses to complaints received orally during the meetings held as appropriate. The audit team interviewed several concessionaries during the remote audit as stated in section 2.3 of the verification report.

The audit team interviewed representatives of FEPROCAMD and analyzed meeting minutes in order to assess how the issue was handled by the project proponent in the current monitoring period. The verification team also interviewed communities (concessionaires) to assess these processes and outcomes. As a result of this process, it was characterized that the project proponent maintains an adequate level of communication with the relevant stakeholders and the verifiers found that the proponent had addressed the issue of project expenditures through meetings with the relevant actors. In addition, the project proponent made available to the audit team contracts that show the donation of VCUs from BAM to FEPROCAMD and supporting documents that show other types of expenses associated with the project activities, such as, for example, loans to the concessionaires as working capital distributed at beginning of the Brazil but harvesting.

For the net social benefits promoted by the implementation of the project, AENOR through the different interviews

conducted to the FEPROCAMD people, concessionaires, video testimonies of section 2.4. of this report and with the desk review of documents verified that the net social benefits were delivered to the people. The following documents were also verified, relations of transference by the credit Bank of Peru, excel with the benefit people from the delivery bonds and 224 pictures of the confirmation of delivery of the bonds signed per concession and with the correct identification number per person. These documented evidences have been added to Appendix 1 of this report.

AENOR deems that the net social benefits were delivered, and the people are happy for it. As said above, during this monitoring period different communication with local stakeholders were held by the project promoter.

During the meetings and the constant communications with the concessionaries, the following inputs were received:

- Information related to concession demarcation and legal sanitation of lands (superposition of concessions). AENOR could check this issue against the meeting report of October 2020.
- Informal commercialization of Brazil nuts coming from Bolivia. AENOR could check this issue against the meeting report of October 2020.
- Information about the processing plant. AENOR could check this issue against the meeting report of August 2020.

AENOR through the different interviews conducted to the FEPROCAMD people, concessionaires, video testimonies of section 2.4. of this report and with the desk review of documents explained above, verified the inputs received by local stakeholders and how the PP communicated the different issues. The following documents were also verified, technical meeting 2020 and participation in dialogue table.

AENOR deems correct how due account of the inputs received during ongoing communication has been taken by the PP.

Also, the project proponent has demonstrated through documented evidence that the concessions have not been excluded from the Project, only from the accounting of emission reductions in the period. AENOR could check through the review of the excel BAM Castañeros excluded of this monitoring period and the excel of the Peruvian Bank, that the concessions that were excluded from the accounting of emission reductions were not excluded from the delivery of social bonds. AENOR verified this issue against the excel file “benefit receipt for no accountable partner”.

Therefore, AENOR deems correct that the exclusion of concessions and the occurring logging process have not affected the stakeholders.

4.3 AFOLU-Specific Safeguards

The project proponent does not identify risks to local stakeholders due to project implementation. Therefore, it does not implement risk mitigation measures.

The were no updates to the property and land use rights of the local stakeholders. No new members were included in the grouped project in this monitoring period.

The project proponent sustains a continuous process of engagement and communication with communities through the work of FEPROCAMD in association with other grassroots associations. In addition, the project proponent maintains an open channel for complaints at the headquarters of FEPROCAMD and reports in a transparent manner the complaints received in its PD. The audit team had the opportunity to witness FEPROCAMD meetings with the concessionaires during the verification and conclude that the relationship between the parties is natural & constant and considers that the responses to complaints received orally during the meetings held as appropriate. The audit team interviewed several concessionaries.

4.4 Accuracy of GHG Emission Reduction and Removal Calculations

Considering that the baseline emissions were fixed throughout the first 10 year period of the validated baseline, as per the VM0007 v1.1 requirements, the project proponent has calculated the project ex-post estimates following the VMD0015 v2.0 monitoring tool. Project emissions were estimated through activity data on deforestation and the fixed carbon stocks per strata. GHG emissions from forest degradation and natural disturbances were considered to be insignificant by the project proponent.

The verification team evaluated all the parameters monitored and reported by the project proponent in its monitoring report, cross-checking the information with the data reported in the calculation spreadsheets and found no discrepancies. The verification team evaluated all input data presented in the calculation spreadsheets. All activity data (parameters related to areas monitored) in the current monitoring period were cross-checked with spatial information presented by the project proponent. All default values used in the calculations and previously validated data (i.e.: carbon stocks per land use class and GHG emission factors by land use change category) were cross-checked with data presented in the validated PD and were considered to be appropriate. The audit team verified all equation formula, conversions, and data aggregations in the carbon calculation spreadsheets to confirm that no manual transposition errors between datasets have occurred. The VVB determined that the methods and formula set out in the project description for calculating baseline emissions, project emissions and leakage have been correctly followed in the sixth monitoring report. Therefore, the VVB is able to verify that the GHG emission reductions have been quantified correctly in accordance with the project description and applied methodology.

On the other hand, the project proponent has provided detail to demonstrate how the non-accountability of the 54 concessions is a conservative approach for reporting GHG emission reductions:

“Not considering concessions where legal/artisanal/selective logging was performed in the accounting of net emission reductions occurred within the period is a conservative approach due to the following:

considering only the non-accounted concessions for calculations (emission reductions) in 2020, and according to the baseline scenario, 370,987 tCO2e would have been emitted due to land use change in the mentioned area. In the with-project-scenario, the actual deforestation in those 54 concessions was estimated below.

During this period, the deforestation in baseline within the excluded area (47,934.81 hectares) would have been 370,987 tCO2 (ΔCBSL,unplanned), however, the actual reported deforestation in the area was 21,176 (ΔCP). Hence, as the real avoided emissions (CREDD,t) is the result of discounting the emissions in baseline minus the reported emissions from deforestation and emissions from leakage, for this period the real avoided emissions were: 370,987 – 21,176 – 980 = 348,832 tCO2e.

Furthermore, to calculate adjusted avoided emissions uncertainty was assessed at 19.63% (Excel file: uncertainty analysis). According to methodology, real avoided emissions were discounted, multiplying its value by the result of 100%-19.63%+15%, resulting in 332,696 tCO2e (Adjusted CREDD,t),

For calculating the buffer, the difference between emissions from deforestation in the baseline scenario and emissions from real deforestation was first calculated (370,987 – 21,176 = 349,811) and then discounted by multiplying the value by the non-permanence risk (Document: non-permanence risk tool), resulting in 349,811 * 10% = 34,981 tCO2e.

According to methodology, the value of VCUs is the adjusted emissions reductions minus the buffer, hence the number of VCUs calculated for the period is: 332,696 – 34,981 = 297,714 tCO2e.

To consider degradation, the total volume of timber extracted (in cubic meters) by the concessionaires temporarily excluded for the emission reduction calculations in this period (Excel file: BAM Castañeros excluidos por periodo), was multiplied by the factor 0.49 (carbon fraction, IPCC 2006) (22,248*0.49 = 10,901) to convert it to carbon, and finally multiplied by 44/12 to convert it to tCO2e, resulting in: 10,901 * 44/12 = 39,971 tCO2e.

Additionally, after subtracting the emissions from legal logging (harvested m3) during the period from the calculated VCUs for 2020, the value of net emission reductions was 257,743 tCO2e (297,714 – 39,971 = 257,743 tCO2e).

Due to the methodological restriction, these 257,743 tCO2e net emission reductions occurring in the aforementioned area have not been accounted for in the final calculations of the project. In other words, the 257,743 tCO2e ER has not been generated in favor of the project despite having occurred as a result of the project's management, following the principle of conservatism required by the methodology".

AENOR considers that a conservativeness principle of section 2.2, VCS standard, have been followed since assumptions, values and procedures to ensure that net GHG emission reductions removals are not overestimated.

Baseline emissions

Section 5.1 of the MR and the calculation spreadsheet submitted to AENOR provide information related to the baseline emissions calculations.

For this verification period, the PP provided us a letter from the Ministry of Environment from the Peruvian Government, that mentioned that the use of the baseline can be made until 31.12.2020. Based on that, the baseline was not updated for this period.

The MINAM letter was emitted since the Peruvian Government is working in the nesting process of REDD projects baselines into the Peruvian national FREL, which is expected to be valid from 2021.

Estimation of carbon stock and changes per stratum

Carbon stocks of the forest

The equation used to calculate the carbon stocks in the forest strata is:

$$C_{BSL} = C_{AB\_tree,i} + C_{BB\_tree,i} + C_{AB\_non\text{-}tree,i} + C_{BB\_non\text{-}tree,i} + C_{DW,i} + C_{LI,i} + C_{SOC,i}$$

Where:

C_{BSL}	Carbon stock in all carbon pools in forest stratum *i*; t CO_2-e ha^{-1}
$C_{AB\_tree,i}$	Carbon stock in aboveground tree biomass in forest stratum *i*; t CO_2-e ha^{-1}
$C_{BB\_tree,i}$	Carbon stock in belowground tree biomass in forest stratum *i*; t CO_2-e ha^{-1}
$C_{AB\_non\text{-}tree,i}$	Carbon stock in aboveground non-tree biomass in forest stratum *i*; t CO_2-e ha^{-1}
$C_{BB\_non\text{-}tree,i}$	Carbon stock in belowground non-tree biomass in forest stratum *i*; t CO_2-e ha^{-1}
$C_{DW,i}$	Carbon stock in dead wood in stratum *i*; t CO_2-e ha^{-1}
$C_{LI,i}$	Carbon stock in litter in the forest stratum *i*; t CO_2-e ha^{-1}
$C_{SOC,i}$	Carbon stock in soil organic carbon in the forest stratum *i*; t CO_2-e ha^{-1}
i	1,2,3,.... *M* strata

The carbon stocks have been obtained from the forest inventory applied to the project area strata during validation period.

Estimation of post-deforestation carbon stocks

The results for all the years in the baseline period are presented in the following tables for Project Area and Leakage Belt. Considering only the 351 Brazil nut harvesters that are part of this verification period, the baseline projections (in hectares and in tCO2e) per stratum are in following table. This is obtained by cutting the baseline maps per year with the 2020 project area (only the 351 BN harvesters).

Calculation of net emissions

The previous calculations are summarized with the following equations:

$$\Delta C_{BSL,unplanned} = \Delta C_{BSL,PA,unplanned} + GHG_{BSL,E}$$
$$\Delta C_{BSL,PA,unplanned} = \Delta C_{TOT,PA}$$
$$\Delta C_{BSL,LK,unplanned} = \Delta C_{TOT,LB}$$

Where:

$\Delta C_{BSL,unplanned}$	Net greenhouse gas emissions in the baseline from unplanned deforestation; t CO_2-e
$\Delta C_{BSL,PA,unplanned}$	Net CO_2 emissions in the baseline from unplanned deforestation in the project area; t CO_2-e
$\Delta C_{BSL,LK,unplanned}$	Net CO_2 emissions in the baseline from unplanned deforestation in the leakage belt ; t CO_2-e
$GHG_{BSL,E}$	Greenhouse gas emissions as a result of deforestation activities within the project boundary in the baseline; t CO_2-e

$\Delta C_{TOT,PA}$	Sum of the baseline carbon stock change in all pools up to time *t**in the project area, t CO_2-e
$\Delta C_{TOT,LB}$	Sum of the baseline carbon stock change in all pools up to time *t**in the leakage belt, t CO_2-e

The total net GHG emissions in the Project Area in the baseline from unplanned deforestation are 28,629,866.07 t CO_2-e.

AENOR has checked the calculations provided and confirmed that this amount of baseline emissions is in conformance and have followed the methodology in the validated PD.

The following tables summarize the data and parameters used by the PP to calculate the GHG emission reductions, which has been assessed by AENOR.

Data/Parameter available at validation	Value	Assessment procedure and result
Map of Forest / Non-forest Coverage in the Reference region.	n/a	Landsat satellite images.
Map of Forest Coverage in the Project Area.	n/a	Landsat satellite images.
Map of Forest Coverage in the Leakage Belt.	n/a	Landsat satellite images.
Deforested Area in the Project Area	87,805.65	Value is consistent with validated PD. The Landsat images. Correctly inputted in the calculation spreadsheets.
Carbon stock of the sources in the forest stratum.	Multiple values	Value is consistent with validated PD. Correctly inputted in the calculation spreadsheets.
Change in the land use.	Multiple values	Value is consistent with validated PD, Rereference source: INRENA 2007. Correctly inputted in the calculation spreadsheets.
Emissions by biomass burning	Multiple values	Value is consistent with validated PD, The deforested forest percentage that is burnt has been taken from official sources. Correctly inputted in the calculation spreadsheets.

Project emissions

Section 5.2 of the MR describes the calculations for the project emissions.

$$\Delta C_P = \sum_{t=1}^{t^*} \sum_{i=1}^{M} \left(\Delta C_{P,DefPA,i,t} + \Delta C_{P,Deg,i,t} + \Delta C_{P,DistPA,i,t} + GHG_{P-E,i,t} - \Delta C_{P,Enh,i,t} \right)$$

Leakage

As reported in Section 5.3 of the MR, current verification period, were estimated based on this formulae:

$$\Delta C_{P,DefLB,i,t} = \sum_{u=1}^{U} \left(A_{DefLB,u,i,t} * \Delta C_{pools,P,Def,u,i,t} \right)$$

The table below provides a description of the analysis carried out by the verification team on each parameter monitored by the project proponent.

Data/Parameter monitored	Value	Assessment procedure and result
Project Forest Cover Monitoring Map. (ha)	281,629.23	Value is consistent with validated PD and GIS data. Correctly inputted in the calculation spreadsheets. Parameter based on monitored data through satellite imagery and GIS. The project proponent monitored forest cover within the reference region, leakage belt and project area, as established in the PD and the MR (section 4.3). The remote sensing methodology used by the proponent met the requirements of the VCS standard and the methodology of monitoring modules.
Leakage Belt Forest Cover Monitoring Map (ha)	706,555.52	Calculation reproduced. Value correctly estimated. Parameter based on monitored data through satellite imagery and GIS. The project proponent monitored forest cover within the reference region, leakage belt and project area, as established in the PD and the MR (section 4.3). The remote sensing methodology used by the proponent met the requirements of the certification standard and the methodology of monitoring modules. Thus, the project meets this parameter in accordance with the methodology used and the certification standard.

Data/Parameter monitored	Value	Assessment procedure and result
Degradation PRA Results	6,135	Calculation reproduced. Value correctly estimated. ΔCP,DegW ,i,t = 6,135 tCO2e. Data calculated according to the methodology. The area and GHG emissions due to forest degradation were assessed and estimated according to illegal logging in the region. Following the steps of the methodology, the proponent mixes an initial exploratory analysis based on diagnoses carried out together with communities in forest concessions with sampling inventories in the field. When preparing these diagnoses with the communities (PRA - Participatory Rural Appraisal),
Result of Limited Degradation Survey	17	Calculation reproduced. Value correctly estimated. Parameter based on data monitored. 40% of forest concessions suffered from illegal logging in the current monitored period.
Aburn,i,t (ha)	275.80	Calculation reproduced. Value correctly estimated. The project proponent adequately assumes that all deforested areas are burned in their ex-post estimates. The audit team can verify through the GIS data and the rest of the documentation provided that the proponent considered the emissions from the different forest strata converted to non-forest classes. Thus, the project meets this parameter in accordance with the methodology used and the VCS standard.
ADefPA,i,u,t (ha)	275.80	Calculation reproduced. Value correctly estimated.
ADefLB, i,	1,908.27	Calculation reproduced. Value correctly estimated. The audit team can verify through the GIS data and the rest of the supporting documentation provided that the proponent disregarded the emissions from the different forest strata converted to non-forest classes within the leakage belt

Data/Parameter monitored	Value	Assessment procedure and result
		according to the LK-ASU module. As monitored deforestation was lower than projected deforestation, the proponent can consider net emissions equal to zero. Thus, the project meets this parameter in accordance with the methodology used and the VCS standard.
ADegW,i	6,740	Calculation reproduced. Values correctly estimated. 6,740. Parameter based on monitored data. Area under potential degradation process resulting from PRA. The project proponent revised its monitoring report to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The project proponent also presented an Excel spreadsheet with the calculations used for this purpose. The audit team evaluated the spreadsheet and the monitoring report. The audit team considers the proponent's rationale to assume that the area degraded by illegal wood exploitation in the project area is acceptable and is in conformity with the methodology requirements.
ADECKS,l,t; ADistPA,i,t (ha) AROAD,i,t;	n/a	N/A. Ex-ante estimations will be based on field measurements once FSC is implemented. These parameters are only applied in case of an FSC certified forest management operations in the project area in the monitoring period as per the methodology requirements.
ARRL, forest, t	1,561,754.39	Remaining area of forest in RRL. Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event. The audit team evaluated the spreadsheet and the monitoring report.
AP_i ;	566.89	There is no evidence of degraded areas or parcels ex-ante within the project area. Every time there is a degradation event or at least every 5 years.
$C_{DegW,\ i,\ t}$	*309.85*	There is no evidence of degraded areas or parcels

Data/Parameter monitored	Value	Assessment procedure and result
		ex-ante within the project area. Every time there is a degradation event or at least every 5 years.
F_{LU}; F_{MG}; F_{I}; Lsk ; VEXT,z,i,t ; VEXT,j,z,i,t W_{SKID}; Sequestered carbon in Forest Enrichment areas in forest concessions	n/a	N/A. This parameter did not was applied because the concessionaires who was logging were temporarily excluded of the project (for this monitoring period).

AENOR did not find inconsistencies between the PD, technical annex, monitoring report and spreadsheet calculation.

After a deep and thorough review and reproduction of calculations and the corresponding tracks to the other spreadsheets, AENOR deems the parameters monitored and available at validation are correct, reliable, and consistent. Information in the monitoring report is in compliance with the PD, the calculations provided and the applicable methodology. Thus, the results showed in the monitoring report are reliable, consistent, and accurate.

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

The data and parameters used to determine GHG emission reductions and removals are listed in Section 4 of the MR. During AENOR's verification, the evidence provided by the PP was enough in both quantity and quality to support the determination of GHG emission removals reported by the project.

Quality assurance and control is an essential part of company procedures in order to assure the accuracy of inventory data, modeling results, and carbon accounting. Quality assurance procedures are done in order to minimize and correct any potential data transcription, calculation, or formatting errors that may result in inaccurate carbon accounting results.

The project proponent adequately selects medium resolution images from the Landsat 8 OLI satellite as a substrate for monitoring changes in land use and land cover in the reference region, leakage belt and project area in the monitored period. The project proponent makes the necessary radiometric and geometrical corrections and calculates the change in land use and land cover in a GIS environment from the forest cover maps verified in the previous monitoring period, thus complying with the methodology. The proponent also presents a confusion matrix showing errors of omission and commission in the classification of the images processed in the pre-processing steps. Spot checks and internal audits are conducted to make sure all data collection is carried out following the standards.

In accordance with VCS, the PP is committed to storing all project data in a secure and retrievable manner for at least two years after the end of the project crediting period. In order to facilitate project management and long-term accounting, all primary data outputs supporting annual verification including the spatial database is stored and maintained.

Roles and responsibilities are clearly identified in the MR. QA/QC procedures were developed by the PP for maintaining consistency and quality of field inventories over time. Interviews with the PP and inspection of data and results demonstrated that the PP possess all of the competencies required for reporting of GHG emissions removals in an accurate way.

Data presented to the audit team were clear and coherent and processing steps could be traced to the corresponding sections of the methodology and monitoring plan with transparency.

Above procedures to ensure this are described in Section 4 of the MR, in terms of general QA/QC of the monitoring plan and specific QA/QC procedures applied to data and parameters monitored.

Throughout the verification, the PP demonstrated a commitment toward conservativeness and took all measures appropriate to ensure the reliability of evidence provided. Interviews conducted (oral evidence) are outlined in Section 2.4, and the final documents received from the PP supporting the determination of GHG reductions can be viewed in Appendix 1.

AENOR deems that the PP performed good practices in this assessment and concludes that GHG reductions were quantified correctly in accordance with the PD and applied methodology, and that the evidence is sufficient in quantity and appropriate in quality to determine the GHG reductions of the project. In accordance with the project description and applied methodology. For more details on thisregarding, please refer to appendix 1.

4.6 Non-Permanence Risk Analysis

The project proponent carried out their risk analysis of non-permanence considering the requirements of the VCS tool for risk analysis of AFOLU projects. The table below contains findings from the assessment of the audit team:

Risk factor	Risk Rating	Assessment
Internal Risks		
Project Management: It is assessed using table 1 of the VCS AFOLU Risk Tool.	0 (total may be less than zero)	a) The project does not include forest restoration activities. This section it is not applicable. b) Project Area will be deforested by 2040, according to the projection of deforestation in the model. Risk rating=+2 is justified

Risk factor	Risk Rating	Assessment
		c)The management team includes individuals with significant experience with all skills necessary to successfully undertake all project activities as it can be proven by their CVs and portfolio. This section it is not applicable. d)Project proponent has offices in Puerto Maldonado and from the offices to the project area, the distance is only a few hours. This section it is not applicable. e) Mitigation: Management team includes individuals with significant experience in AFOLU project design and implementation, carbon accounting and reporting. AENOR verified the value and reliability of source. Risk rating=-2 is justified. **f)** Mitigation: Adaptive management is not developed as a plan but is a transversal approach in all our activities. Risk rating=-0 is justified.
Financial viability: It is assessed using table 2 of the VCS AFOLU Risk Tool.	0 (total may not be less than zero)	a)-c) The sections are not applicable d) Project cash flow breakeven point is 4 years or less from the current risk assessment. AENOR verified the value and reliability of source. Risk rating=0 is justified e)-g) The sections are not applicable. h) The project is already being implemented so the largest investments have been already done at the beginning of the project and have some VCUs from previous vintages that can sell so the cash flow is positive since year 1. Then, as the breakeven point is reached in year 1and the income of that year is 100% insured, the variable that applies is the letter h. AENOR verified the value and reliability of source. Risk rating=0 is justified. i)Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven. AENOR verified the value and reliability of source.

Risk factor	Risk Rating	Assessment
		Risk rating=-2 is justified.
Opportunity Cost: It is assessed using table 3 of the VCS AFOLU Risk Tool.	-2 (total may be less than zero)	a)-c) This section it is not applicable d) NPV from the most profitable alternative land use activity is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated. Risk rating=0 is justified. h) Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over the length of the project crediting period. Risk rating=-2 is justified. e)f) not applicable j) is not applicable
Project Longevity: It is assessed using table 4 of the VCS AFOLU Risk Tool.	10 (total may not be less than zero)	a) Not applicable b) There is a concession contract for 40 years entered into by and between each Brazil nut Concessioner and the Peruvian State. 30 – (40/2) = 10. AENOR verified the value and reliability of source. Risk rating=10 is justified.
External Risks		
Land Tenure and resources access/impact: It shall be assessed using table 6 of the Risk Tool.	3 (total may not be less than zero)	a) The State owns the land and forest resources. It allows the exploitation of resources under a concession contract to third parties. Additionally, the rights over the GHG emission reduction credits have been granted to BAM by the concessionaires through contracts entered. Risk rating=0 is justified. b) Ownership and resource access/use rights are held by different entity(s) While Brazil Nuts Concessioners have the legal right to exploit resources, the Peruvian State has the ownership. AENOR verified the value and reliability of source.

Risk factor	Risk Rating	Assessment
		Risk rating=2 is justified. c) In more than 5% of the project area, there exist disputes over land tenure or ownership. Risk rating=5 is justified. d) The Brazil Nuts Concessioners has exclusive rights over the use of forest resources and soil. The contract signed with the State ensures this right. In a percentage minimum area, equivalent to 2%, the State has also granted mining concessions, there are no disputes. Risk rating=0 is justified. e) is not applicable f) Mitigation: Project area is protected by legally binding commitment (eg, a conservation easement or protected area) to continue management practices that protect carbon stocks over the length of the project crediting period. Brazil nut concession.ners have a binding commitment with the State. Risk rating=-2 is justified. g) Mitigation: To resolve the overlapping claims, the Project, through BAM and FEPROCAMD legal/technical teams, does make efforts to assist concessionaires in the re-measurement of their areas by giving them technical assistance in field (making the resize work per se), and with the administrative work (validating the new areas to the Regional Forest Department). AENOR verified the value and reliability of source. Risk rating=-2 is justified.
Community engagement: It shall be assessed using table 7 of the Risk Tool.	-5 (total may be less than zero)	a)-b) There are no population living inside the project area as land clearing is not allowed for the reasons explained below. In that sense, this risk factor is not applicable. Even though some concessionaries live within the project area during the harvesting season, this is not permanent and as they are partners of the project, they are not reliant to the project. AENOR verified the value and reliability of source.

Risk factor	Risk Rating	Assessment
		Risk rating=0 is justified. c) Mitigation: The project is considered to generate net positive impacts on Brazil Nut Concessioners, Brazil nut families and local population, which were already described in Opportunity Cost. Risk rating=-5 is justified.
Political Risks: It shall be assessed using table 8 of the Risk Tool.	0 (total may not be less than zero)	a-b) not aplicable c) For political risk, the Governance Scorecard is based on World Bank Institute Worldwide Governance Indicators. For Peru, the value obtained from the average of the six indicators for the most recent 5 years, is -0.16. Risk rating=2 is justified. d)e) Not aplicable AENOR verified the value and reliability of source from World Bank Institute Worldwide Governance Indicators. Risk rating=2 is justified. f) Mitigation: Country is implementing REDD+ Readiness or other activities, as set out in this Section 2.3.3. AENOR verified the value and reliability of source. Risk rating=-2 is justified.
Natural risks		
Fire Risk: It shall be assessed using table 10 of the Risk Tool.	LS*M=2	The likelihood of a natural fire is every 10-25 years affecting less than 5 % of carbon stocks Thus LS= 2 is reasonable. Thus, M=1 is reasonable.
Pest and disease outbreaks: It shall be assessed using table 10 of the Risk tool.	LS*M=0	This risk is considered unlikely, there are no records of disease or pest outbreaks causing any significant impacts (>5%) to carbon stocks in Miombo woodlands. No known literature has documented forest disturbance from pests and diseases in the project area. Thus LS= 0 is reasonable. Mitigation (M) measures: 1
Extreme weather: It shall be assessed using table 10 of the Risk tool.	LS*M=0	Thus LS= 0 is reasonable. Mitigation (M) measures: Not applicable.

Risk factor	Risk Rating	Assessment
Geological risks: It shall be assessed using table 10 of the Risk Tool.	LS*M=0	Thus LS= 0 is reasonable. Mitigation (M) measures: Not applicable
Other natural risks (elephant impacts): It shall be assessed using table 10 of the Risk Tool.	LS*M=0	. Thus LS= 0 is reasonable. Mitigation (M) measures: Not applicable
OVERALL RISK RATING=8+0+2=10. Then an overall risk rating of 10% is considered.		

AENOR has checked that information provided in the NPRR for the monitoring period is consistent with supporting documents provided. The assumptions and justifications provided to determine the risk rating of each risk factor are elaborated and they are based on provided documents using conservative assessments. AENOR deems that information provided is reliable and appropriate from reliable sources, thus, the overall risk rating is credible and realistic. Thus, the overall risk rating of 10% is credible and realistic.

5 VERIFICATION CONCLUSION

AENOR has verified that the REDD Project in Brazil Nut Concessions in Madre de Dios is in compliance with the Verified Carbon Standard version 4.1 without qualifications or limitations. The project has been implemented in accordance with the validated Project Description and its validated variations.

AENOR is able to issue a positive verification opinion for the 2,206,081 tCO_2e of verified emissions reductions, as reported in the Monitoring Report version 2 dated on 28-June-2021

The verification assessment covered the monitoring period from 01-January-2020 to 31-December-2020 and verified that calculated emission reductions and/or removals were achieved during the monitoring period with a reasonable level of assurance. The overall non-permanence risk rating was 10%. Therefore, the total number of credits to be deposited in the buffer account are 220,706 VCUs and the total VCUs eligible for issuance are 1,883,326 VCUs.

Verification period: From 01-January-2020 to 31-December-2020

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

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)	Buffer pool allocation	VCUs eligible for issuance
2020	2,459,756	252,696	980	2,206,081	220,706	1,883,326

Net change in carbon stocks 2,206,081 tCO2e.

Overall non-permanence risk rating: 10%

VCUs buffer to be deposited: 220,706 VCUs

Total VCUs eligible for issuance: 1,883,326 VCUs

Date: 3 March 2022

Lead Auditor

Elena Llorente Pérez

APPENDIX 1: List of evidences provided

General documents
Monitoring report: - Final version: REDD Project in Brazil Nut Concessions in Madre de Dios – BAM Monitoring Report 2020 Previous monitoring report: -First version: REDD Project in Brazil Nut Concessions in Madre de Dios – BAM Monitoring Report 2020 Previous verification report: - REDD Project in Brazil Nut Concessions in Madre de Dios – BAM Verification Report v1 Project description: - REDD Project in Brazil Nut Concessions in Madre de Dios – Project Design 2012
Stakeholder consultation
Communications Agreement BAM BAM_REDD+ Castañeros_BCP_ChqGcia_2021_Report Banco_Acumulated_2021117_i Cashier check BCP 224 pictures of the confirmation of delivery of the bonds signed per concession and the identification number of people.
Implementation status support documents
- Brazil nut_Concessionaire agreement Peruvian government - DS-044-2002-AG-Prec.-and forgiven. -forestry resources.-fin.-no-madr. - BAM Castañeros excluded per this period. - Proposal Improvement program genetic BAM 2020 - Excel file “benefit receipt for no accountable partner”. - Informal commercialization of Brazil nuts coming from Bolivia, meeting report of October 2020. - Information about the processing plant.meeting report of August 2020. - Sale of credits document - Credits transfer approbation assembly - Chestnut agreement - GPS equipment and others document - Benefits split evaluation - Agrobanco wood - Eco business and conservation plans - Technical records request - Technical meeting 2020. - Video

- Participation in dialogue table
- Participation in festival
- Chestnut exploitation plan
- Awareness TV spot
- Letter from Minam
- Testimonies:

- Alcibiades Canelos Yombo	- Alipio Acha Caya	- Augusto Fernandez Collado
- Aurelio Mamani Mamani	- Carlos Condori Cespedes	- Cleydi Econema Paz
- Francisco Chávez Chura	- Frank Jersino Reyna Sarmiento	- Hugo mamani Chávez
- Jesús Econema Cacuna	- Jorge Carlos Conzalez Irarica	- Juan Emilio Barriga Viza
- Juan Ernesto Rivero Lazo	- Leoncio Pacheco	- Luis Tapia Pimentel
- Margarita Venilda viuda de Fuentes	- Maria Cristina Huaman Cabrera	- Maria Graciela Sanchez Arquino
- Melitón Mejía	- Pablo Dueñas	- Rodolfo Mamani Yari
- Saturnino Villafuerte Blanco	- Siria Mamani Paredes	- Willy Revilla Vargas

Non-permanence Risk Report

- Non-permanence risk report:

Carbon Accounting

Spreadsheets:

- Castañeros REDD Project Calculations MODIFIED_2020
- Cp Estimations in Castañeros REDD Project 6th monitoring report – 2020
- Deforestación y cambio de Uso 2020 v2
- ENCUESTAS DATA - v8 2020
- Leakage Estimations in BAM 2020
- VCUs Estimations 2020

APPENDIX 2: CLARIFICATIONS AND CORRECTIVE ACTIONS REQUESTED

Corrective action requests (CARs)

CAR ID	01	Date: 10/06/2021
Description		
In accordance with the MR template v4.0, the following issues should be updated in the MR: - Front page, section 1.1, section 2.2., section 2.3, section 3.1, section 2.3.2, and section 4.7. .of the MR. - In accordance with the VCS standard the language use shall be in English. VCUs estimation spreadsheets shall be in English.		
Project proponent response		**Date: 12/07/2021**
- *It was updated in each MR and uploaded to our MEGA.* - *It was updated and replaced in the equations section per vintage.*		
Documentation provided by Project proponent		
MEGA		
VVB Assessment		**Date: 23/07/2021**
The updated MR and the ER spreadsheet have been changed, therefore **CAR 1 is resolved.**		

CAR ID	02	Date: 10/06/2021
Description		
The methodology deviation should be justified: The PRA, participatory rural appraisal (PRA), shall be repeated every two years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2014 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. It has to be justified the project deviation to assess forest degradation with the application of PRAs with biennial frequency as guided by the module VMD0015 M-MON, v2.1.		
Project proponent response		**Date: 12/07/2021**
The auditor raised a non-conformance (NCR) regarding the deviation from the VMD0015 M-MON, v2.1. methodology for degradation calculation, which was not performed every 2 years, but instead was applied in 2012 and 2018. *Firstly, in the justification it was explained that instead of sampling based on access points, the four partners that suffered illegal timber extraction were visited, being a total of 17 trees, thus collecting the total degradation data and being more conservative than indicated by the methodology, being thus approved by the auditor, and closing the NCR (verification reports 13-14 and 15-16).* *Additionally, the PRA was carried out in 2018, covering the periods of the present verification until 2020 and that, due to the Covid-19 pandemic, the PRA corresponding to 2020 had to be postponed to 2021, the year in which it was carried out.*		
Documentation provided by Project proponent		
https://mega.nz/fm/SJM1hQbZ /tercera verificacion / findings / CAR 2.		
VVB Assessment		**Date: 23/07/2021**
The correct explanation has been provided and **CAR 2 is resolved.**		

CAR ID	03	Date: 10/06/2021
Description		
In accordance with the validation report and the previous verification report, the baseline will be renewed every 10 years from the project start date. It should be justified, the baseline for the verification period of 2020.		
Project proponent response		**Date: 12/07/2021**
The Peruvian Government, through the Ministry of Environment, provided us with a letter mentioning that we can use our baseline until 31.12.2020. This was emitted as MINAM is working in the nesting process of REDD projects baselines into the Peruvian national FREL, which is expected to be valid from 2021. Based on that, VCS has authorized to extend the horizon to their first baseline, that in our case, has finished in 2020. *Please find attached the letter in our MEGA website.*		
Documentation provided by Project proponent		
https://mega.nz/fm/SJM1hQbZ / tercera verificación / resultados / CAR 3.		
VVB Assessment		**Date: 23/07/2021**
The letter from Minam related to the baseline has been provided and it is considered correct, as well as the Nesting Guidance document from VERRA has been received. **CAR 3 is resolved.**		

CAR ID	04	Date: 10/06/2021
Description		
Justify this project deviation in these verification periods: The module VMD0010 (LK-ASU) v. 1.1 approved in March 2015. Specifically, in STEP 2 about Estimation of the proportions of area deforested by immigrant and local deforestation agents in the baseline, the methodology requires that the data used is valid for 5 years since the information was generated. For the first verification the 2007 census was used, so in this period it loses its validity. Due to the fact that there are no official sources that provide us with the proportion of migrants, we chose to generate this data, for which a random census was taken of at least 10% of the communities within 2 km of the Project area. Twenty-eight population centres were evaluated, 365 people between men and women, resulting in 8% being migrants.		
Project proponent response		**Date: 12/07/2021**
The parameters used to estimate the proportion of area deforested by migrants and local families have been updated with information collected from National Census 2019 (https://censos2019.inei.gob.pe/). A report has been downloaded from the official webpage and the data is being used to update the LK-ASU calculations spreadsheets.		
Documentation provided by Project proponent		
Reporte (3).xlsx		
VVB Assessment		**Date: 23/07/2021**
The LK-ASU has been updated with new data, and the values are considered correct. **CAR 4 is resolved.**		

Clarification requests (CLs)

CL ID	01	Date: 10/06/2021
Description		
The following evidences should be provided for the quantification of the emission reductions: - Project Forest Cover Monitoring Map. - Area burnt in stratum i at time t, A burn, Area Burn in stratum. - ADefPA, i, t, Deforested area in the Project area by type of forest. - ADefLB, i, t, Deforested area in the Leakage belt by type of forest. - ADegW, i, Area under potential degradation process. - ARRL, forest, t , Remaining area of forest in RRL.		
Project proponent response		**Date: 12/07/2021**
It was provided and uploaded in MEGA in both folders KLM -KMZ and Shapes.		
Documentation provided by Project proponent		
VVB Assessment		**Date: 23/07/2021**
The shapes have been received and there are considered correct. **CL 1 is resolved.**		

CL ID	02	Date: 10/06/2021
Description		
The following issues should be provided: - Provide evidence of the project start date. - GIS provided - For grouped projects, coordinates may be submitted separately as a KML file. - Provide the study to support section 2.1 of "no net harm". - Evidence of section 2.2 of local stakeholder consultation - The project proponent presented the contract signed with FERPOCAMD in order to highlight its commitment to the transfer of carbon credits to the federation, as well as proof of financial loans made by the federation to the concessionaires and other evidence of representation of its members with public bodies - Clarify the project area of the VCS project. - The non-permanence risk report in accordance with the VCS Program document AFOLU and Non-Permanence Risk Tool should be provided and the documented evidences that support the risk ratings.		
Project proponent response		**Date: 12/07/2021**
- *Shapes and KML files, disaggregated are provided in CL 01.* - *It is provided as KML in our MEGA website.* - *Updated in each monitoring report.* - *Documentation demonstrating communication with different stakeholders is provided per each vintage in the folder CL 04 in our MEGA website, as well as benefit sharing and financial loans proofs.* - *During 2020 and 2021, BAM has paid individual bonds of $400. Because of the pandemic and the restrictions imposed, as well as BAM taking care of our partners, the process of delivering the bonds was in small groups – following all the hygienic protocols – so the process took a bit longer.* - *There was a typing error when writing the total area of the project by placing 308,757.31 ha, when the correct area corresponds to 281,629.23 ha. This can be corroborated by checking the "Project Area BAM" file on the site https://mega.nz/fm/6EkEkLCQ at the following address: tercera verificacion/findings/CL 2/Project Area BAM.* - *In addition, it is important to mention that, following the methodology guidelines, we temporarily excluded concessionaires that make logging each vintage, then, being a grouped project, each vintage has a different area, for this verification process it is as follows:*		

Área 405 socios del proyecto	**329,564.04**			
Concesiones excluidas	Salen	Quedan		Area (ha)
2017	18	387	Socios	314,403.13
2018	36	369	Socios	288,776.39
2019	21	384	Socios	310,041.13
2020	54	351	Socios	281,629.23
Área de leakage belt				**706,555.52**

Documentation provided by Project proponent	
VVB Assessment	**Date: 16/09/2021**
The non-permanence risk report in accordance with the VCS Program document AFOLU and Non-Permanence Risk Tool has been provided and the documented evidences that support the risk ratings. **CL 2 is resolved.**	

CL ID	03	Date: 10/06/2021
Description		
Evidence of net social benefits promoted by the implementation of the project in the monitored period shall be provided.		
Project proponent response		**Date: 12/07/2021**
The project bonds were delivered. Some pictures of the received benefits are attached.		
Documentation provided by Project proponent		
https://mega.nz/fm/bJImiDCR /tercera verificacion/findings/CL 03		
VVB Assessment		**Date: 23/07/2021**
The evidence has been provided, the delivery date of the project bonds has been clarified. **CL3 is resolved.**		

CL ID	04	Date: 10/06/2021
Description		
Evidence of the project activity implementation, as defined in the validated PD and reaffirmed in the MR shall be provided.		
Project proponent response		**Date: 12/07/2021**
More project activities were implemented for each year. Please see section 3.2.2 in each monitoring report, where details per monitoring year is provided. We attach the evidence in MEGA and listed below.		
Documentation provided by Project proponent		
https://mega.nz/fm/bJImiDCR / tercera verificacion / findings / CL 04: *2020: Mesa técnica 2020; Equipación equipos GPS y otros; document: Mesa técnica 2020; Reuniones asamblea 2020; Planes econegocios y conservación; Asamblea_aprobación transferencia y comercialización créditos de carbono; Evaluar reparticion beneficios REDD; Aprobación repartición beneficios REDD; Aprobacion venta créditos.* *2020: Mesa técnica 2020; Ing. Ronal Cisneros C. informe ACTIVIDADES año- 2020; Propuesta programa mejoramiento genético BAM 2020* *2020: Propuesta programa mejoramiento genético BAM 2020; Mesa técnica 2020; OFICIO MULTIPLE 005-2020-APECARPA-APROCAMD-MDD; OFICIO MULTIPLE 006-2020-APECARPA-APROCAMD-MDD; OFICIO MULTIPLE 007-2020-APECARPA-APROCAMD-MDD; OFICIO MULTIPLE 004-2020-APECARPA-APROCAMD-MDD; Video: Plan de aprovechamiento adicional de castaña; document: Mesa técnica 2020, Reuniones, Capacitacion de la ley forestal N. 29763 y su reglamento N. 018-2015, Convocatorias 2020.* *2020: Mesa técnica 2020; Reuniones descentralizadas 2020, denuncia19_superposicion20; 'CARTA N°118-2020-FEPROCAMD-MDD- RAHH; CAJU A N° 100.,;2020-FEPRO□MO-MDD-RA,BH; Attached: Video: Plan de aprovechamiento adicional de castaña; document: Mesa técnica 2020, Cartas Oficios Solicitudes Capacitacioness 2020; BAM_Plan de mejoramiento genético; CARTA N° 103-2020-FEPRQ_CAMD-MDD-DAJT; Propuesta económica para enriquecimiento de bosque; Propuesta de proyecto de enriquecimiento de bosque en concesiones de castaña; Justificación para el enriquecimiento de bosque.*		
VVB Assessment		**Date: 23/07/2021**
The evidence of the project implementation has been provided and it is considered correct. **CL 4 is resolved.**		