

VERIFICATION REPORT FOR THE ENVIRA AMAZONIA PROJECT - A TROPICAL FOREST CONSERVATION PROJECT IN ACRE, BRAZIL



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Summary

This report describes the verification audit of the Envira Amazonia Project - A Tropical Forest Conservation Project in Acre, Brazil ("the project"), (Project ID: PL1382) a REDD+ project located in the state of Acre, Brazil, that was conducted by SCS. The project was undergoing verification for the third monitoring period, dating from 1 January 2016 to 31 December 2018. The purposes of the verification audit were (1) to conduct, in accordance with the VCS rules, an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the verification period and (2) to conduct, in accordance with the CCB rules, an ex-post independent assessment of the climate, community and biodiversity impacts that have occurred or are on track to occur as a result of the project during the monitoring period. The verification audit was performed through a combination of document review, interviews with relevant personnel and on-site inspections. A total of 17 findings (12 findings under the VCS rules and 5 findings under the CCB rules) were issued during the process of verification. The project complies with all of the verification criteria, and the assessment team has no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

Table of Contents

1	Introduction	4
1.1	Objective	4
1.2	Verification Objectives Under the Verified Carbon Standard	4
1.3	Verification Objective Under the Climate, Community & Biodiversity Standards	4
1.4	Scope and Criteria	4
1.5	Level of Assurance	5
1.6	Summary Description of the Project	5
2	Verification Process	5
2.1	Audit Team Composition (<i>Rules 4.3.1</i>)	5
2.2	Method and Criteria	6
2.3	Document Review	6
2.4	Interviews	7
2.5	Site Inspections	9
2.6	Resolution of Findings	10
2.7	Eligibility for Validation Activities	10
3	Validation Findings	10
3.1	Participation under Other GHG Programs	10
3.2	Methodology Deviations	10
3.3	Project Description Deviations (<i>Rules 3.5.7 – 3.5.10</i>)	11
3.4	Minor Changes to Project Description (<i>Rules 3.5.6</i>)	11
4	Verification Findings	12
4.1	Public Comments (<i>Rules 4.6</i>)	12
4.2	Summary of Project Benefits	12
4.3	General	12
4.3.1.	Implementation Status (G1.9)	12
4.4	Climate	21
4.5	Community	37
4.6	Biodiversity	42
4.7	Additional Project Implementation Information	46
4.8	Additional Project Impact Information	46
5	Verification Conclusion	47
	Appendix A: Findings Issued Under VCS Version 4	48
	Appendix B: Findings Issued Under CCB Version 3	58

1 INTRODUCTION

1.1 Objective

The objectives of the verification engagement were set out as follows.

1.2 Verification Objectives Under the Verified Carbon Standard

In accordance with Section 4 of the VCS Standard, SCS carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the verification period, conducted in accordance with the VCS rules. In accordance with Section 4 of the VCS Standard, the objectives of the verification engagement were to evaluate the monitoring report and assess the following:

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

The other objective of the verification engagement was to assess the non-permanence risk analysis.

1.3 Verification Objective Under the Climate, Community & Biodiversity Standards

In accordance with Section 4.1 of the CCB Program Rules, SCS carried out an independent assessment of the project to determine whether the project design complies with the CCB rules.

1.4 Scope and Criteria

1.4.1 Scope

In accordance with Section 4.3.4 of ISO 14064-3:2006, the scope was defined as follows:

- The project and, where relevant, its baseline scenarios
- The physical infrastructure, activities, technologies and processes of the project
- The GHG sources, sinks and/or reservoirs that are applicable to the project
- The types of GHGs that are applicable to the project
- The verification period, as discussed in Section 5 of this report

1.4.2 Criteria Under the Verified Carbon Standard

In accordance with Section 4.1.8 of the VCS Standard (see below for full reference), the criteria for verification was the VCS Version 4, including the following documents:

- VCS Program Guide, V4.0
- VCS Standard, V4.0
- VCS Definitions, V4.0
- AFOLU Non-Permanence Risk Tool, V4.0
- CCB & VCS Project Description Template, CCB V3.0, VCS V3.3

- The VCS-approved methodology applied to the project

1.4.3 Criteria Under the Climate, Community & Biodiversity Standards

In accordance with Section 1.1 of the CCB Program Rules (see below for full reference) the criteria for verification was established as follows:

- The most recent validated project description using the same edition of the Climate, Community & Biodiversity Standards (in this case, the third edition- validation occurring concurrently) that was used for that validation
- All CCB Version 3 program documents, including the following:
 - CCB Standards Third Edition (V3.0)
 - CCB Program Rules, V3.1
 - CCB Program Definitions, V3.0
 - CCB & VCS Monitoring Report Template, CCB V3.0, VCS V3.3

1.5 Level of Assurance

1.5.1 Level of Assurance Under the Verified Carbon Standard

In accordance with Section 4.1.8 of the VCS Standard, the level of assurance of this report, insofar as it describes work performed under the Verified Carbon Standard, is reasonable.

1.5.2 Level of Assurance Under the Climate, Community & Biodiversity Standards

The concept of “level of assurance” was not relevant to work performed under the Climate, Community & Biodiversity Standards.

1.6 Summary Description of the Project

The ‘Envira Amazonia Project - A Tropical Forest Conservation Project in Acre, Brazil’ project is a REDD+ project in the State of Acre, Brazil which aims to protect 200,000 hectares of tropical rainforest. It is designed to provide direct benefits to local communities, consisting largely of families who live within the project area. In addition, it is designed to preserve biodiversity and a wide range of ecosystem services, and mitigate the release of ~12.6 million metric tonnes of carbon dioxide emissions over the first 10 years of the Project.

2 VERIFICATION PROCESS

2.1 Audit Team Composition (*Rules 4.3.1*)

A table indicating how the audit team meets each of the requirements of the CCB Standards Rules is below.

Area of required expertise	Individual(s) on audit team containing required expertise	Summary of relevant qualifications
Proficiency in a relevant local or regional language for the project location	Rossynara Marquez	Native Portuguese speaker and citizen of Brazil
Relevant agriculture, forestry and/or other land use experience in the project country or region	Letty Brown, Zane Haxtema	Familiar with common agricultural practices and corresponding deforestation pressures in the project country

Area of required expertise	Individual(s) on audit team containing required expertise	Summary of relevant qualifications
Relevant social and cultural expertise	Rossynara Marquez	Familiar with established social norms in rural Brazil
Relevant ecological and biodiversity expertise	Letty B. Brown, Zane Haxtema	Familiar with ecology and biodiversity best practices and measurements

2.2 Method and Criteria

The verification was performed through a combination of document review and interviews with relevant personnel, as discussed in Sections 2.3 through 2.5 of this report. At all times, the monitoring report and non-permanence risk analysis were assessed for conformance to the criteria described in Section 1.2 and 1.3 of this report. As discussed in Section 2.6, findings were issued to ensure conformance to all requirements.

The audit team created a sampling plan following a proprietary sampling plan workbook developed by SCS. Per Section 4.4.3 of ISO 14064-3:2006, the audit team identified possible risks of errors, omissions and misrepresentations with respect to the verification criteria. For each identified risk, the audit team assessed the likelihood of the material discrepancy occurring, the likelihood of the material discrepancy not being prevented or detected by the controls of the project and the likelihood of the material discrepancy not being detected by the audit team. Sampling and data testing activities were planned to address any risk where the likelihood of a material discrepancy not being detected by the audit team was judged to be unacceptably high. The audit team then created a verification plan that took the sampling plan into account.

2.3 Document Review

The monitoring report ("Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (12-2-19)") ("MR") and non-permanence risk report ("2018 Envira VCS Non-Permanence Risk Report 2019.08.02") ("NPRR") were carefully reviewed for conformance to the verification criteria. The registered project description ("PROJ_DESC_1382_04APR2015"), was referenced in conducting this review. The following additional documents, provided by project personnel in support of the aforementioned documents, was also reviewed by the audit team:

Document	File Name	Ref.
Scans of the Basic Necessity Surveys administered by the project proponents with members of the community	Envira Amazonia Project's 2018 BNS	/1/
Scans of the Participatory Rural Assessments administered by the project proponents with members of the community	Envira Amazonia's 2018 PRA	/2/
Calculation workbook for monitoring period	2018_EnviraMonitoring 2019.08.2	/3/
Summary document (portuguese)	Envira Amazonia Project Summary Document, Portuguese (8-2-19)	/4/
Summary document (english)	Envira Amazonia Project Summary Document, English (8-2-19)	/5/
Deforestation Monitoring Forms	RELATORIO ABRIL 2017, RELATORIO DEZEMBRO 2018, RELATORIO DEZEMBRO 2016, RELATORIO JANEIRO 2017, RELATORIO MAIO 2017 - STR, RELATORIO MAIO 2017,	/6/

Document	File Name	Ref.
	RELATORIO MAIO 2018, RELATORIO NOVEMBRO 2016	
GIS files- project area	EnviraPA_20140327	/7/
GIS files- strata area	EnviraStrata_20140327	/8/
GIS files- monitoring results	2018_EnviraMonitoring_2019.03.12	/9/
GIS files- monitoring results(2)	366_2018FNFMonitoring	/10/
GIS files- accuracy assessment	F_points_21819, NF_points_21819	/11/
Accuracy Assessment calculations worksheet	AccuracyAssessment_Envira2018_21819	/12/
Evidence of consent- ATA agreement between project proponents and families within project area	ATA DA REUNIÃO PROJETO VISITA EM 29 DE DEZEMBRO	/13/
Evidence of consent- ATA agreement between project proponents and families within project area	Envira Amazonia Project 's Individual Atas	/14/
Registration Submittal to the State of Acre's Institute of Climate Change, including Tri-Party Agreement	Envira Amazonia Project's IMC Submittal (July 2016)	/15/
GIS files- leakage areas	LeakageArea_2014.10.06.dbf	/16/
30 year project budget and workplan	Pro Forma for Envira Amazonia Project (7-22-19)	/17/
Calculation workbook for monitoring period (degradation data)	2018_EnviraDegradation 2019.03.15	/18/
Project proponent attestation of no authorized logging or deforestation since start data (signed)	Carta de Não Desmatamento (Assinada)	/19/
Scientific article "Rapid Ecological Assessment of the birds on the upper Jurupari River, Feijó, Acre, Brazil", authored by Tomaz Nascimento de Melo	MELO (2016) - Birds of Jurupari river	/20/
Source of list of endemic species for the region of the southwest amazon in which the project area occurs	World Wildlife Fund, "Southwest Amazon moist forests: Export Species"	/21/
Probability of fire in unfragmented Amazonian forest	Cochrane M.A. & Laurance W.F., 2002. Fire as a large-scale edge effect in Amazonian forests, Journal Of Tropical Ecology, 18:311-325	/22/

2.4 Interviews

The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the MR and NPRR, (2) actions undertaken to ensure conformance with various requirements and (3) implementation status of the project activity. In addition, residents of project communities located within the project area and project zone were interviewed.

The following personnel associated with the project proponent and/or implementing partner were interviewed.

Individual	Affiliation	Role	Date(s) interviewed
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Individual	Affiliation	Role	Date(s) interviewed
Brian McFarland	Carbonfund.org	Director – Project Proponent	1 May 2019 and numerous subsequent dates
James Eaton	Ostrya Conservation	Technical Manager	1 May 2019 and numerous subsequent dates
Duarte Jose do Couto Neto	JR Agropecuária e Empreendimentos EIRELI	Land Owner-Project Proponent	1 May 2019
Eduardo Prado	Carbon Securities Representative	Project Proponent	1 May 2019
José Elves Araruna de Sousa	JR Agropecuária e Empreendimentos EIRELI	Land Owner-Project Proponent	1 May 2019
Rege Ever C. Vasques	JR Agropecuária e Empreendimentos EIRELI	Lawyer for Land Owner- Project Proponent	1 May 2019
Tomaz Nascimento De Melo	University Federal Acre	Ornithologist	1 May 2019
Jose Aurimar Talvarez Carnero (“Mazinho”)	JR Agropecuária e Empreendimentos EIRELI/ Community member liason	Local Project Manager for Project Proponent	2 May 2019
Livio Veras Junior	Local assistant to CarbonCo	Fire fighter/ assistant to project	2 May 2019
Attila Talvarez Carnero	JR Agropecuária e Empreendimentos EIRELI/ Community member liason	Boat Driver	3 May 2019
Francisco Circlandio Sousa	JR Agropecuária e Empreendimentos EIRELI/ Community member liason	Local Assistant to Project Manager (Mazinho)	3 May 2019
Rosa Maria de Sousa da Silva	STTR (Union of Rural Workers de Feijao)	Presidente	2 May 2019
Wemerson Souza Lima	STTR (Union of Rural Workers de Feijao)	Administrator	2 May 2019
Mauricio Barrosso Branca	STTR (Union of Rural Workers de Feijao)	Secretary of Finance	2 May 2019
Elevin Linhares Saboia	STTR (Union of Rural Workers de Feijao)	Administrative Secretary	2 May 2019
Maurilio Mela da Silva	Secretary Municipal of Agricultural- Feijao	Agronomist Technical	2 May 2019
Maria Isabel Amorim / Raimundo Estevo Pedrosa do Nascimento	Family living in the Project Area	Community Member	4 May 2019
Jose Souza do Nascimento	Family living in the Project Area	Community Member	4 May 2019
Raimundo da Silva Lima / Antonia Pedrosa do Nascimento	Family living in the Project Area	Community Member	4 May 2019

Individual	Affiliation	Role	Date(s) interviewed
Marisa de Nazare Santos do Nascimento / Raimundo Cunha da Silva	Family living in the Project Area	Community Member	4 May 2019
Jorginaldo da Silva Pedrosa /Luzia Nascimento da Silva	Family living in the Project Area	Community Member	4 May 2019
Rogério Cardoso de Souza/ Antonia Samia Silvia Flores	Family living in Project Area	Community Member	5 May 2019
Jose Macaluzes da Silva (Ze do Nel), Maria Iraci Leao da Silva, Antonio Vando Leao da Silva/ Roseli Barros Pontes	Family living in the Project Area	Community Member	5 May 2019
Francisco, the son of Jose Goncalves de Souza	Family living outside the Project Area (in the Project Zone)	Community Member	6 May 2019
Marcelle da Silva Bezerra	Santa Caso Clinic, Rio Branco	Nurse	7 May 2019
Leanderson da Rocha Silva	Rio Branco	Dentist	7 May 2019
Dr. Rebecca Dickson	Terra Carbon, Senior Manager, Remote Sensing and Spatial Modeling	Remote Sensing Expert for project team	25 June 2019

2.5 Site Inspections

The objectives of the on-site inspections performed were to:

- Select samples of data and information from field observations in order to meet a reasonable level of assurance and to meet the materiality requirements of the project, as required by Section 4.1.8 of the VCS Standard;
- Perform a risk-based review of the project area and project activities to ensure that the project conformed to the requirements of the verification criteria throughout the verification period;
- Confirm the validity of information presented in the non-permanence risk report; and
- Assess the extent to which any monitoring was conducted in accordance with the requirements of the validated monitoring plan.

In fulfilment of the above objectives, the audit team performed an on-site inspection of the project area and project zone on the dates 1 May 2019 through 8 May 2019. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel (see Section 2.4 of this report) to gather information regarding the monitoring procedures and project implementation;
- Interviewed community members (see Section 2.4 of this report) located in the project area and project zone to confirm the claims of the project proponents with respect to the extent of community engagement;

2.6 Resolution of Findings

Any potential or actual discrepancies identified during the assessment process were resolved through the issuance of findings. The types of findings typically issued by SCS during this type of verification engagement are characterized as follows:

- **Non-Conformity Report (NCR):** An NCR signified a discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a verification statement.
- **New Information Request (NIR):** An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a verification statement.
- **Observation (OBS):** An OBS indicates an area where immaterial discrepancies exist between the observations, data testing results or professional judgment of the audit team and the information reported or utilized (or the methods used to acquire such information) within the GHG assertion. A root cause analysis and corrective action plan are not required, but highly recommended. Observations are considered by the audit team to be closed upon issuance, and a response to this type of finding is not necessary.

As part of the processes of validation and verification for the initial monitoring period, which occurred concurrently, 17 findings (5 under the CCB; 12 under the VCS) were issued. All findings issued by the 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 Appendices A and B of this report.

2.6.1 Forward Action Requests

This section is not applicable, as no forward action requests have been issued.

2.7 Eligibility for Validation Activities

This section is not applicable, as SCS holds accreditation for validation for the relevant sectoral scope (scope 14; AFOLU).

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

This section is not applicable, as the project is not, at this time, seeking registration under the VCS Program and an approved GHG program.

3.2 Methodology Deviations

Nine methodology deviations are described in Section 2.2.2 of the MR.

Of these, seven were previously validated and verified (see Section 4.3.1.2 of this report for list), and are considered outside the scope of this verification as they relate to activities performed to set the baseline during the validation process, or to monitoring activities that were not yet performed again, considering each of the parameter's monitoring frequency. The verification team confirmed that each was analyzed

and approved in previous auditing events, using prior audit reports on the project webpage in the VCS project database (<http://www.vcsprojectdatabase.org/#/ccb-all-project-details/PL1382>.)

Two deviations, Deviation 8 and Deviation 9, are new to the verification event and are described below. For each, the verification team assessed 1) whether the deviation meets the criteria and specifications for permitted methodology deviations, as set forth in VCS Standard Section 3.17.1, and 2) whether the deviation does not negatively impact the conservativeness of quantification of GHG emission reductions or removals (except where they result in more accuracy), as set forth in VCS Standard Section 3.17.2:

- Deviation 8 relates to the parameter “ARRL, forest”, which stipulates the remaining area of forest in RRL at time t. The verification team confirmed that this was not monitored or updated in 2018 due to the fact that the State of Acre dataset, which was the input for the calculation of “ARRL, forest”, was discontinued in 2017 and the follow-up dataset has not been released by the Brazilian government (see Section 4.4.1 for further discussion). The audit team agrees that the omission of the “ARRL, forest” parameter does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals, nor does it relate to other parts of the methodology and hence that it meets the VCS Standard requirements.
- Deviation 9 relates to the frequency with which degradation through extraction of trees for illegal timber, fuelwood and charcoal are monitored via the Participatory Rural Assessment (PRA). The requirement contained in the M-MON module (under Step 2) is to administer the PRA as follows “The first step in addressing forest degradation is to complete a participatory rural appraisal (PRA) of the communities inside and surrounding the project area to determine if there is the potential for illegal extraction of trees to occur. If this assessment finds no potential pressure for these activities then degradation ($\Delta CP, DegW, i, t$) can be assumed to be zero and no monitoring is needed.” It then states “The PRA must to be repeated every 2 years.” If the initial PRA determines that degradation is occurring, the M-MON module requires additional sampling to be undertaken through a ‘limited sampling’ and, where needed, a ‘more systematic sampling’ technique, which “shall be repeated every 5 years and the results annualized by dividing the total emissions by five”. In the case of the project, the PRA indicated that no degradation is occurring. Given that the PRA indicates degradation is occurring, and where detected, degradation is estimated by a “limited sampling” approach (as found in M-MON) implemented in the field at a sampling frequency of less than 5 years, the audit team finds that the monitoring frequency of the PRA does not need to occur every 2 years, as long as it is not detected. In addition, the deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals because the initial PRA is only used to indicate whether degradation is de minimis or not. This deviation relates only to the criteria and procedures for monitoring or measurement, and does not relate to any other part of the methodology as it only affects the degradation emission parameter in the M-MON module. The deviation therefore meets the VCS Standard requirements.

In conclusion, the audit team finds that the two new methodology deviations meet the requirements of VCS Standard 3.5.1. The deviations do not negatively impact the conservativeness of the quantification of GHG emission reduction or removals, and only relate to the criteria and procedures contained within the monitoring report used for monitoring or measurement.

3.3 Project Description Deviations (Rules 3.5.7 – 3.5.10)

This section is not applicable, as no project description deviations applied to the project were validated as part of the verification engagement described in this report.

3.4 Minor Changes to Project Description (Rules 3.5.6)

This section is not applicable, as no minor changes to the project design were validated as part of the verification engagement described in this report.

3.5 Grouped Project (G1.13 – G1.15, G4.1)

This section is not applicable, as the project is not a grouped project.

4 VERIFICATION FINDINGS

4.1 Public Comments (Rules 4.6)

The public comment period for the project extended from 29 March 2019 to 28 April 2019. As confirmed by the audit team through review of the project webpage in the VCS project database (<http://www.vcsprojectdatabase.org/#/ccb-all-project-details/PL1382>; accessed 19 June 2019), no comments were received. Therefore, the audit team concludes that the project proponent's response to the public comments was appropriate.

4.2 Summary of Project Benefits

The summary of project benefits has been correctly provided in Section 1.2 of the MR, and includes activities related to granting of land title, provision of health services (dental, pharmacy access), sanitation (construction of restrooms), as well as education, training and livelihoods improvements. The audit team has reasonable assurance that the all applicable and quantifiable information has been provided in an appropriate manner. The section is completed appropriately, according to the template requirements ((i.e. monitored data is included and data that was not monitored and/or not applicable is labeled accordingly). The audit team verified that each achievement reported is substantiated with information provided in the body of the monitoring report.

4.3 General

4.3.1. Implementation Status (G1.9)

4.3.1.1 Implementation Status of the Project Activity(s)

The implementation status of the project activities can be identified as follows:

The steps taken by the audit team to assess each of the following items is specified below.

Item	Verification findings
Existence of any material discrepancies between project implementation and the project description	- Through site visit observations, interviews conducted with project personnel and project communities, and document assessment, the audit team confirmed no material discrepancies between project implementation and the project description. - Specifically, the assertions made about project activities implemented during the monitoring period were directly confirmed through interviews with the dentist (Leanderson da Rocha Silva), the nurse (Marcelle da Silva Bezerra), and who were interviewed in Rio Branco, and the president of STTR (Union of Rural Workers de Feijao), Rosa Maria de Sousa da Silva, and her colleagues who were interviewed in Feijo
The implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the	Through site visit observations, interviews conducted with project personnel and project communities, and document assessment, the audit team confirmed the implementation

implemented monitoring system (i.e., process and schedule for obtaining, recording, compiling and analyzing the monitored data and parameters)	status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system. Through quantitative sessions, including with the remote sensing expert, Dr. Rebecca Dickson (see Section 2.4), the audit team was able to gain a detailed understanding of the steps taken to collect, compile and analyze the monitored deforestation data, as detailed in Section 4.5.
The existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology	- Through site visit observations, interviews conducted with project personnel and project communities, and document assessment, the audit team confirmed no material discrepancies between the actual monitoring system and the monitoring plan set out in the project description and the applied methodology. - Please see above regarding the project's quantitative meetings and interviews.
Whether the GHG emission reductions or removals generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading	Through general knowledge of other emission trading programs (including any in Brazil or the state of Acre) and other mechanisms that include GHG allowance trading, as well as based on knowledge of the organizations involved in the project team, the audit team is confident that the GHG emission reductions or removals generated by the project are not included in an emissions trading program or any other mechanism that includes GHG allowance trading.
Whether the project has received or sought any other form of environmental credit, or has become eligible to do so since validation or previous verification	Please see box above. The audit team is confident that the project has not received or sought any other form of environmental credit, or has become eligible to do so since validation.
Whether the project has participated or been rejected under any other GHG programs since validation or previous verification	Please see box above. The audit team is confident that the project has not participated in or been rejected under any other GHG programs since validation or since the previous verification.
Sustainable development contributions	Through site visit observations, interviews conducted with project personnel and project communities, and document assessment, including close review of Section 2.1.10 of the MR, the audit team confirmed the project's sustainable development contributions.

In conclusion, the audit team finds that the project has been implemented as described in the project description.

4.3.1.2 Previously Validated Methodology Deviations

Nine methodology deviations are described in the project MR (Section 2.2.2). Section 3.2 of this report describes the two new methodology deviations and how they were verified. The seven that were previously validated and verified are listed below.

Number of Deviation	Methodology Deviation
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Number of Deviation	Methodology Deviation
1	Trees in the <i>Cecropia</i> genus are not included as part of the forest inventory, due to the unavailability of applicable biomass equations.
2	While sampling lying dead wood using the line intersect method: - Two 92-meter transect lines were used rather than two 50-meter transect lines; - The sampling lines did not bisect each sample plot, but rather ran from one plot center to the next; and - The sampling lines were oriented to the north and east, and no randomization in the bearing of the first line was employed.
3	Rather than using a root to shoot ratio to estimate belowground biomass as per the CP-AB module, belowground biomass was estimated using an allometric equation developed by Cairns et al. ¹⁴ Cairns et al. is appropriate for determining belowground biomass as this equation is published in a peer-reviewed scientific journal. In fact, guidance for new methodologies as found in VCS AFOLU Requirements version 3.4 specifically mentions the Cairns et al. equations in reference to established procedures for quantifying belowground biomass, thus indicating the appropriateness of this source.
4	The forest inventory has deviated from the criteria for selection (i.e., the equation is based on a dataset comprising at least 30 trees, with an r^2 that is ≥ 0.8) and validation of the allometric equation related to palm biomass, however the equation used is likely to result in a conservative estimate of palm biomass for the following reasons: - Volume is calculated as the volume of a paraboloid rather than the volume of a cylinder; and - Only stem biomass is estimated, thus conservatively excluding other aboveground biomass including palm fronds.
5	Dead wood collected for density determination was opportunistically sampled from within forest strata present in the project area. The forest inventory collected a total of 39, 42, 37 samples for the sound, intermediate, and rotten15 classes, respectively.
6	Parameter UP,SS,i,pool# will be monitored at least once every 10 years, on re-measurement of forest carbon stocks. While module X-UNC requires that monitoring of this parameter occur every < 5 years, this requirement is inconsistent with the VM0007 pools modules, which specify that stock estimates (from which uncertainty is calculated) are assumed valid for 10 years. Therefore, a deviation to module X-UNC is applied to permit parameter UP,SS,i,pool# to be monitored every < 10 years, putting it into alignment with modules CP-AB and CP-D.
7	Rather than monitoring Cpost using modules CP-AB and CP-D as described in the MON modules, C(post) can conservatively be assumed to be zero in the with-project case, not only for natural disturbance (CP,Dist,q,i, as stated in Section 5.2.3 of the M-MON module) but also for deforestation (CP,post,u,i). This deviation is conservative because subtracting zero from the baseline stocks, leads to the conclusion that $\Delta C_{pools,Def,u,i,t}$ is equal to $C(BSL,i)$, which leads to the maximum emission in the with-project case, which is conservative. This deviation may be used for the first and each subsequent monitoring period.

4.3.1.3 *Previously Validated Project Design Deviations*

As there exist no previously validated project design deviations, this section is not applicable.

4.3.1.4 *Previously Validated Minor Changes to the Project Description*

As there exist no previously validated minor changes to the project description, this section is not applicable.

4.3.1.5 *Overall Conclusion*

In summary, the audit team can confirm that the project has been implemented as described in the validated project description.

4.3.2 **Risks to the Community and Biodiversity Benefits (G1.10)**

The audit team took the following steps to verify the natural and human-induced risks to the expected project benefits identified by the project proponent.

- Through site visit observations, interviews conducted with project personnel and project community members, and through document assessment, the audit team confirmed the natural and human-induced to the expected project benefits are as stated in the MR.
- Through site visit observations and assessment of remotely sensed imagery, the audit team confirmed that the majority of the project area is unfragmented forest, and is therefore at reduced risk to fire relative to fragmented areas. The audit team also agrees that most risks to the project are human-caused. The audit team observed illegal logging occurring near the project area, and that most illegal human encroachment occurs along waterways.
- Given these risks, the audit team agreed that project activities, like regular monitoring along waterways, are designed to mitigate risks.

In summary, in the ways outlined above, the audit team concludes that reasonable steps have been taken to mitigate the identified risks.

4.3.3 **Community and Biodiversity Benefit Permanence (G1.11)**

The audit team took the following steps to verify the actions needed or implemented to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime, as identified by the project proponent.

- Through on-site observations and interviews with project personnel and communities, the audit team confirmed the project activities focus on education, health, establishing alternative economic activities to cattle ranching, legalization of community land tenure, and monitoring of deforestation, and are designed to maintain long term benefits to climate, community, and biodiversity.
- Through review of the Tri-Party Agreement /15/ which stipulates the longevity of the project.

In summary, the audit team concludes that reasonable measures have been taken to enhance project benefits beyond the project lifetime, as identified by the project proponent.

4.3.4 **Stakeholder Access to Information (G3.1- G3.3)**

The audit team took the following steps to verify the project proponent provides stakeholders with access to project information, specifically:

- The audit team saw that project documentation (full and summary) is available in the appropriate language of Portuguese in the project headquarters in the project area. Through interviews conducted with project communities and project personnel, the audit team confirmed that project information has been made available through direct consultation with project team representatives (see 4.3.5).
- In the same way, the audit team confirmed that relevant and adequate information about potential costs, risks and benefits to communities has been provided prior to any decisions, and that appropriate actions were taken to explain the verification process to communities and other stakeholders, and that community members were aware of the verification team's visit.

In summary, the audit team concludes that the project provided appropriate access to information to communities and other stakeholders.

4.3.5 Stakeholder Consultation (G3.4 – G3.5)

The audit team verified that the project proponent communicated with and consulted stakeholders on project implementation in accordance with G3.8 – G3.9 through the following steps.

Steps taken to assess whether...	
Community groups and other stakeholders have influenced project implementation through effective consultation.	• While onsite, the audit team interviewed project personnel, like the local project manager, who are involved in ongoing community outreach; it was confirmed that the consultation process was implemented as described in the MR. • The audit team met with a large number of families within the communities while on site, per Section 2.4, and heard first-hand of the stakeholder engagement practices and that community groups and other stakeholders have influenced project implementation through effective consultation. • The audit team confirmed that communities are being represented in order to learn from project successes and failures, and to ensure the project is being implemented using an adaptive management framework. • The audit team reviewed the Basic Necessity Surveys /1/ and the signed consent letters /13/ and /14/ as additional evidence of consultation.
Stakeholder input on project implementation has been documented.	• Please see above. • In addition, the audit team reviewed meeting minutes, confirming that outreach was conducted directly with community members and that stakeholder input was documented. The audit team reviewed the PD and MR and confirmed documentation of stakeholder input in these as well.
The project's plan for continued communication is being carried out.	• Through the steps described above, the audit team confirmed that the consultation process is ongoing.
All consultation and participatory process have been undertaken directly with communities and other stakeholders or through their legitimate representatives.	• Through the steps described above, the audit team confirmed that the participatory process has been undertaken directly with the family members in the communities as well as with other stakeholders or through their legitimate representatives.

In summary, given observations made during the site visit, interviews conducted, and the documentation assessed, the audit team concludes that the stakeholder engagement carried out by the project has been sufficiently effective to result in conformance to G3.4 and G3.5.

4.3.6 Stakeholder Participation in Decision-making and Implementation (G3.6)

The audit team took the following steps to verify that stakeholder participation in decision-making and implementation has been included:

- As is the case in the community consultation section above, the audit team confirmed that stakeholder participation in decision-making and implementation been implemented in a collaborative manner ensuring that all potentially affected stakeholders are included.
- While onsite, the audit team interviewed community members across the project area and confirmed that meetings were held in the relevant language of Portuguese.
- The audit team confirmed that meetings were held during the day and at times when other work did not interfere with full community participation.
- The audit team confirmed through interviews that invitations were extended to family and community leaders within a respectful timeframe and in such a manner that each stakeholder could respond.

In summary, given observations made during the site visit, as well as interviews conducted, the audit team concludes that the project enabled community participation in project implementation.

4.3.7 Anti-discrimination (G3.7)

The audit team concludes the following regarding the measures needed and designed to ensure that all entities involved in project implementation are not involved in, or complicit in, any form of discrimination or sexual harassment.

- The audit team confirmed that the MR, as well as supporting documentation, contain detailed description of measures designed and taken to ensure that all entities involved in project implementation are not involved in any form of discrimination or sexual harassment.
- While onsite, the audit team interviewed project personnel involved in community outreach (e.g. the local project manager Mazinho, and other community members employed by the project) who attested that entities involved in project implementation were not involved or complicit in discrimination or sexual harassment.
- The audit team can confirm that no accusations or convictions of discrimination or sexual harassment have been made against any of the Project Proponents or their contractors.

In summary, given observations made during the site visit, and through interviews conducted, the audit team concludes that individuals involved in project implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project.

4.3.8 Stakeholder Feedback and Grievance Redress Procedure (G3.8)

The audit team took the following steps to verify that the project proponent has implemented the project's feedback and grievance redress procedure:

- The audit team reviewed the PD and MR, which outlines the Grievance and Redress Mechanism, and agreed that it outlines a clear procedure for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period.
- The audit team confirmed that the project has a clear process for handling unresolved conflicts and grievances through a third-party grievance method in which the State of Acre's Climate Change Institute is a third party mediator of issues brought before them.
- The audit team confirmed that, as stated in the MR, no grievances were raised during the monitoring period.

- The audit team confirmed that, as stated in the MR, the Climate Change Institute has been reinstated after being briefly dissolved, but that the dissolution did not occur during the monitoring period.

In summary, given observations made during the site visits, interviews conducted, and documentation assessed, the audit team concludes that the grievance redress procedure has been implemented according to the project's validated design.

4.3.9 Worker Relations (G3.9 – G3.12)

The audit team verified that the project proponent has taken actions and implemented measures to ensure that the relationship between the project and workers meet the requirements of G3.9 – G3.12 through the following steps.

Steps taken to assess whether actions were taken or measures implemented that...	
Build the capacity of the communities through job training and employment	• The audit team confirmed that the MR contains a detailed description of training and capacity building measures that are planned or have occurred relative to project activities. • The audit team confirmed through interviews that the project team trained a community member to administer health care and maintain the onsite pharmacy (see Section 2.4), and that past training has been offered to the carbon plot biomass team (TECMAN) to complete the forest inventory. Future training is planned to community members regarding agricultural techniques and alternative livelihoods.
Ensure people from the communities are given an equal opportunity to fill work positions	• Through observations onsite as well as interviews, the audit team confirmed that most employment opportunities to date have been temporary contract work for the project, and that local community members are paid for the specific services provided (e.g. helping with site visits, building project headquarters and onsite health clinic). • The audit team confirmed that equal treatment is given to people in communities to fill work positions. Still, the nature of certain jobs precludes women from performing them (e.g. ranger positions), but other project-related positions are filled by women. • In addition, the audit team reviewed the MR, and confirmed that it contains a description of the project's equal opportunity policy regarding how future project positions will be openly announced on the radio and will be communicated directly to families via the local project manager. While on-site, the audit team confirmed that these assertions were true.
Ensure the project is in compliance with all relevant laws and regulations regarding worker's rights and workers are informed of their rights	• The audit team conducted interviews with project personnel and confirmed that the project's worker's laws meet applicable laws and/or regulations covering worker rights. • The audit team confirmed that the MR contains a detailed description of Brazil's worker rights laws and regulations.
Inform workers of risks and how to minimize risk	• The audit team confirmed that the MR described ways that the project ensures worker's health and safety protections, including an outline of risks and how to mitigate them. • The audit team conducted interviews with project personnel and workers and confirmed that workers were informed of risks and how to minimize them, as well as that workplace risk was minimized using best practices in the workplace.

Minimize workplace risk using best work practices	Please see the box above.
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In summary, through interviews, observations, and document review, the audit team concludes that the relationship between workers and the project upholds the intent and design presented in the validated project description.

4.3.10 Technical and Management Capacity (G4.2, G4.3)

The audit team verified actions and implemented measures to ensure the capacity exists to implement the project over the project lifetime through the following steps.

Steps taken to assess whether actions were taken or measures implemented that ...	
Demonstrate the project possesses, or is acquiring the key technical and management skills required to implement the project successfully	- The audit team reviewed the validated PD as well as MR and confirmed that they identify the project's governance structure as well as roles and responsibilities of all who are involved in project development and implementation. - Per Section 2.4, the audit team held interviews with the project proponent (JR Agropecuária e Empreendimentos EIRELI, CarbonCo, Carbon Securities), and the technical partners (Ostrya Conservation and Terra Carbon), to confirm that the PD and MR descriptions of the governance structure are accurate, and in conformance with what was seen during the audit team site visit.
Demonstrate the financial health of the implementing organization is adequate to support project implementation	- The audit team reviewed the project's financial budget /17/ and confirmed that the projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits. - The audit team confirmed that the project budget was designed by individuals with implementing project activities designed to ensure success and confirmed that the budget carefully considers the cost of project implementation. - The audit team confirmed that predicted credit sales and an accurate estimated annual budget demonstrate sufficient cash flow from predicted contracted sales to sustain the project through the end of the crediting period.
Provide assurance that the project is not complicit in any form of corruption	- While the audit team cannot and will not make any assertions regarding the absence of corruption at any level within the entities involved in the project, the audit team took steps to verify that the project proponent and any other entities involved in project implementation are not involved in, or complicit in, any form of corruption. - The audit team conducted on-site interviews with members of communities, project staff including the local project manager and inquired about corruption. The interviewees attested to no knowledge at the time of any entities involved in project implementation being involved or complicit in any form of corruption.

In summary, through interviews and observations made during the site visit, the audit team concludes that the project has the capacity to implement the project in accordance with the validated project design.

4.3.11 Commercially Sensitive Information (*Rules 3.5.13 – 3.5.14*)

No information has been withheld from the MR as commercially sensitive information.

4.3.12 Rights Protection and Free, Prior and Informed Consent (*G5.3-G5.5*)

The audit team verified actions taken and measures implemented by the project proponent to protect the rights of Indigenous Peoples, communities and other stakeholders through the following steps:

Steps taken to assess whether...	
Existing property rights are recognized, respected and supported	- The audit team carefully reviewed the validated PD and the MR for this reporting period and confirmed that they contain descriptions of rights as they relate to land, territory and resources in the project. - The project area itself is under private ownership of one of the project proponents (JR Agropecuária e Empreendimentos EIRELI). Measures are taken by the project to help secure statutory rights to local families by granting of official land title to formalize and strengthen local land tenure. The audit team confirmed these measures while onsite.
The project does not encroach uninvited on private, community or government property	Please see above. Through the actions described above, the audit team confirmed that the project will not involve any involuntary removal or relocation. In contrast, the project is taking active steps to grant official land title to formalize and strengthen local land tenure.
The free, prior and informed consent has been obtained of those whose property rights are affected by the project	Through multiple interviews throughout the project zone with local communities, in group and individual settings, as well as through review of the FPIC process implemented by the project personnel, and through review of the “ata” documents /13//14/, the audit team confirmed that FPIC was attained without coercion, intimidation, manipulation, threat and bribery.
Appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project	Through the processes listed above, the audit team was able to confirm that this is not applicable as project area land is owned by the project proponent, and parties were not relocated by the project.
Project activities do not lead to the involuntary removal or relocation of property rights holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood	Through the processes listed above, the audit team was able to confirm that this is not applicable as project area land is owned by the project proponent, and parties were not relocated by the project.

In summary, based on extensive on-site interviews and observations, as well as document review, the audit team concludes that the project has protected the rights of Indigenous Peoples, communities and other stakeholders in accordance to the Climate, Community & Biodiversity Standards and the validated project design.

4.3.13 Legal Status (G5.6)

The audit team concludes the following regarding all national and local laws and regulations in the host country that are relevant to the project activities.

- The lists in Sections 2.5.6 of the MR are comprehensive and include all such laws.

The audit team took the following steps to verify that the project is complying with said laws and regulations.

- Review of relevant laws included in the MR, with particular emphasis on Brazil's Forest Code
- Interviews with project personnel, including the owners of the land, as listed in Section 2.4 of this report, regarding compliance and enforcement
- Audit team experience working in-country and with many of the same laws and regulations

The audit team concludes the following regarding how the project demonstrates compliance with relevant laws and regulations.

- The audit team concludes that the project is in compliance with the relevant laws and regulations.

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

The GHG emission reductions and/or removals have been quantified correctly in accordance with the project description and (with the exception of the methodology deviations discussed in Sections 3.2 and/or 4.3.1.1 above) with the applied methodology.

For all instances in which values were transcribed between datasets (e.g., transcription from the project description to reporting workbooks, or between reporting workbooks), the audit team carefully traced values to ensure the absence of manual transposition errors.

An identification of the data and parameters used to calculate the GHG emission reductions and removals/or, and a description of the steps taken to assess each of them, follows.

4.4.1.1 Data and Parameters Available at Validation

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
ΔCBSL, PAplanned	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values in MR are equal to those reported in Section 3.1 of the registered PD (Table 3.17)	N/A as this parameter was evaluated during the validation process.

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
CF	N/A as this parameter was evaluated during the validation process.	Confirmed that reported value is equal to that in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
fj(X,Y) Allometric equation for species j linking measured tree variable(s) to aboveground biomass of living trees.	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process.
Root Biomass Density	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Equation 4.3)	N/A as this parameter was evaluated during the validation process
LIF	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.31)	N/A as this parameter was evaluated during the validation process
BEF	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.7)	N/A as this parameter was evaluated during the validation process.
LDF	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.31)	N/A as this parameter was evaluated during the validation process
LFME	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.30)	N/A as this parameter was evaluated during the validation process
SLFs	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.7)	N/A as this parameter was evaluated during the validation process.

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
OFs	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (specifically Table 3.7)	N/A as this parameter was evaluated during the validation process
WWs	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (Table 3.7)	N/A as this parameter was evaluated during the validation process.
VBSL,EX,i,t	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (Table 3.31)	N/A as this parameter was evaluated during the validation process
Dmn	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 3.1 of PD (Table 3.31)	N/A as this parameter was evaluated during the validation process
PMLFT	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process.
COMF i	N/A as this parameter was evaluated during the validation process	Confirmed that reported values are equal to those in Section 4.4 of PD (specifically Table 4.3)	N/A as this parameter was evaluated during the validation process
Gg,i	N/A as this parameter was evaluated during the validation process	Confirmed that reported values are equal to those in Section 4.4 of PD (specifically Table 4.3)	N/A as this parameter was evaluated during the validation process

4.4.1.2 Data and Parameters Monitored

	Steps taken by audit team to assess...		
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Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$\Delta CP, Def, i, t$	This parameter has been appropriately calculated. The audit team checked the calculation links in the calculation worksheet (/3/)	The net carbon stock change as a result of deforestation in the project case in the project area has been calculated as a function of several other monitored parameters, which have been considered appropriate	N/A (calculated)
$\Delta CP, DistPA, i, t$	This parameter has been appropriately considered as zero during the monitoring period per the calculation workbook /3/. No areas of natural disturbance were reported by the project proponent during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD.	N/A (calculated)
$A DefPA, u, i, t$	The area of recorded deforestation in the project area has been considered appropriate. The verification of this parameter has been made independently by the audit team by means of geoprocessing assessment /9//10/ and entered into calculation workbook /3/. The audit team also visited a subset of the areas while in the field and confirmed the accuracy of data.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
$A DefLK, i, t$	This parameter has been appropriately considered as zero during the monitoring period. The project proponent is considered as the deforestation agent because it is a APD REDD+ project. The leakage areas shapefiles provided by the project team /16/ were monitored independently by the audit team. No deforestation was observed.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
ADistPA,q,i,t	This parameter has been appropriately considered as zero during the monitoring period. No areas of natural disturbance were reported by the project proponent during this monitoring period. All deforestation was considered as ADefPA,u,i,t	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
CBSL,i	This parameter has been appropriately estimated from the project's forest carbon inventory. Carbon inventory data has been previously assessed during validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
$\Delta C_{pools,Def,u,i,t}$	The audit team confirmed the parameter was appropriately calculated, and set equal to C(BSL,i), per the previously assessed Meth. Dev. #7.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD (and per Section 2.2.2 of the MR)	N/A (calculated)
ADegW,i,t	This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
CDegW,i,t	This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
APi	This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$\Delta CP, Deg, i, t$	This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
Aburn, i, t.	This parameter has been appropriately set as equal to the monitored parameters Aburn, q, i, t. (area burnt in natural disturbance) + ADefPA, u, i, t (area burnt via deforestation in project ex post).	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
dbh	N/A as this parameter was evaluated during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)
dbasal	N/A as this parameter was evaluated during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)
H	N/A as this parameter was evaluated during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)
Dn	N/A as this parameter was evaluated during the validation process. This parameter has not been considered in this monitoring period, as it is monitored at least once every 10 years (on re-measurement of forest carbon stocks).	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)
N	N/A as this parameter was evaluated during the validation process and is monitored during each forest inventory.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
L	N/A as this parameter was evaluated during the validation process and is monitored during each forest inventory.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (measured in field)
UP,SS,i,pool#	This parameter is obtained from calculations arising from field measurement data. This parameter has not been considered in this monitoring period, as it is monitored at least once every 10 years (on re-measurement of forest carbon stocks).	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
EBSL SS,i, pool#	N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
UBSL,SS,i,pool#	N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
EBSL SS,i	N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
UBSL,SS,i	N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)
Bi,t	N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
AGB	N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A (calculated)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Asp	N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A
Hsdw	N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(measured in field)
DDWdc	N/A as this parameter has not been monitored during the monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(measured in field)
CP,Dist,q,i	This parameter was appropriately and conservatively set to zero, in the project case, for natural disturbance.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
Ai	N/A, as this parameter was available during validation process, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
AAplanned,i,t	N/A, as this parameter was available during validation process, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
Aplanned,i	N/A, as this parameter was available during validation process, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
ALT,i	N/A, as this parameter was available during validation process, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
CXB,sawnwood	N/A as this parameter is monitored every 10 years, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Pcomi	N/A as this parameter is monitored every 10 years, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
CWP100,i	N/A as this parameter is monitored every 10 years, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
CWP,i	N/A as this parameter is monitored every 10 years, and has not been monitored during this monitoring period.	Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD	N/A(calculated)
NewRi,t	The calculated parameter was assessed during the validation process. New forest clearance began in 2018, during the monitoring period, as is accurately calculated per the validation process	Confirmed that the calculations match Table 3.29 in the PD	N/A (calculated)

4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

The evidence used to determine the GHG reductions and removals was of sufficient quantity and appropriate quality. An identification of the categories of evidence used to determine the GHG emission reductions and removals, and a description of the steps taken to assess the sufficiency of quantity, and appropriateness of quality, of each category of evidence, follows.

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Area calculations (project area, leakage area, monitored area)	Recalculation of areas from project shapefiles 7/9/10/16/	Comparison of recalculated area with quantities used to recalculate GHG emission reductions in	N/A (no calibration necessary)

Category	Steps taken by audit team to assess...		
	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
		calculation workbooks /3/ and reported in MR	
Calculation workbooks	Recalculation of calculated quantities from project calculation workbook /3/	Comparison of recalculated quantities with amounts calculated in reporting workbooks /3/ and reported in MR	N/A (no calibration necessary)

Overall, the evidence used to determine the GHG reductions and removals is of sufficient quantity (i.e., all necessary information has been provided to allow the audit team to trace and, as necessary, recalculate the quantification of GHG reductions and removals), and of appropriate quality (i.e., information presented is free of misstatements, whether material or immaterial) to allow the audit team to render a verification opinion.

4.4.3 Non-Permanence Risk Analysis

4.4.3.1 Introduction and Conclusion

The reported value of the overall risk rating, as determined based on the risk analysis documented in the NPRR, was 23%.

The audit team performed a complete review of the risk analysis against the requirements of the AFOLU Non-Permanent Risk Tool. The audit team concludes that the assignment of risk scores is appropriate and in conformance to the AFOLU Non-Permanence Risk Tool.

A detailed review of the audit team's conclusions may be found below.

4.4.3.2 Internal Risk - Project Management

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	As tree planting is not included in project activities, risk score is justified	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(b)	Audit team agrees that ongoing enforcement is required to prevent encroachment by outside actors. The audit team verified that the project employs forest patrols, and that patrols occurred during the monitoring period. The risk score is justified.	N/A	Risk rating is appropriate
(c)	As management team does include individuals with significant experience in all skills necessary to successfully undertake project, the risk score is justified	N/A	Risk rating is appropriate
(d)	From site inspections, audit team can confirm that management team maintains a presence in Rio Branco and Feijo, and that the latter is within a day's drive from project area.	N/A	Risk rating is appropriate
(e)	Through interviews with project personnel, and through work with the project team to verify other CarbonCo projects, the audit team can confirm that the claims in the NPRR are accurate	N/A	Risk rating is appropriate
(f)	N/A as there is no adaptive management plan in place for the project.	N/A	Risk rating is appropriate

4.4.3.3 Internal Risk – Financial Viability

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	Audit team reviewed the 30-year budget and workplan /17/ and confirmed that project cash flow breakeven point is 4 years or less from the current risk assessment; therefore, the risk score is justified	The documentation provided is a detailed, user friendly budget workbook that allowed for assessment by the audit team and is therefore of high quality	Risk rating is appropriate
(b)			Risk rating is appropriate
(c)			Risk rating is appropriate
(d)			Risk rating is appropriate
(e)	Audit team reviewed the 30-year budget and workplan /17/ and confirmed that project has secured	Please see above	Risk rating is appropriate
(f)			Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(g)	100% of funding needed to cover the total cash out required before the project reaches breakeven; the risk score is justified.		Risk rating is appropriate
(i)			Risk rating is appropriate
(i)	The audit team reviewed the 30-year budget and workplan /17/ as evidence that the project has available at least 50% of the total cash out before Project reaches breakeven, and that Project Proponents are utilizing internal, non-restricted funds as evidenced in the Project database	Please see above	Risk rating is appropriate

4.4.3.4 Internal Risk – Opportunity Cost

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	The most profitable alternative land use activity is expected to be at least 100% more than that associated with project activities; the audit team reviewed the NPV analysis /17/ that was submitted with the project's risk report	The documentation provided is a detailed, user friendly budget workbook that allowed for assessment by the audit team and is therefore of high quality	Risk rating is appropriate
(b)			Risk rating is appropriate
(c)			Risk rating is appropriate
(d)			Risk rating is appropriate
(e)			Risk rating is appropriate
(f)			Risk rating is appropriate
(g)	The audit team confirms that none of the project proponents are non-profits	N/A	Risk rating is appropriate
(h)	Audit team reviewed the Tri Party Agreement /15/ and attests that it is a legally binding commitment to continue management practices that maintain the project area as forest over the length of the crediting period	The signed legal contractual agreement between the three project proponent partners is considered to be of high quality	Risk rating is appropriate

4.4.3.5 Internal Risk – Project Longevity

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
	N/A	N/A	Risk Rating is appropriate
(b)	Audit team reviewed the Tri Party Agreement /15/ and attests that it is a legally binding commitment to continue management practices that maintain the project area as forest over the length of the 30 year crediting period. In addition, to comply with requirement 2.2.4(3) of the Risk Tool, the audit team reviewed the submitted evidence of registration submittal to the State of Acre's Climate Change Institute. .	The signed legal contractual agreement between the three project proponent partners is considered to be of high quality. The registration form is a State of Acre form and is considered of high quality.	Risk rating is appropriate

4.4.3.6 External Risk – Land Tenure and Resource Access/Impacts

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	Through interviews (e.g. with STR-Feijo) and through past experience working on similar projects the audit team confirmed the correct risk score was taken	N/A	Risk rating is appropriate
(c)	Through interviews, onsite observations, and the assessment of satellite imagery (/7/-/11/), the audit team agrees that <1% of the project area is cleared at this time, and therefore that the correct risk score is taken	The audit team considers LANDSAT imagery to be of high quality	Risk rating is appropriate
(d)	Through observations and interviews, the audit team agrees that there are disputes over access/use rights, and therefore confirmed that the correct risk score was taken	N/A	Risk rating is appropriate
(e)	NA- the project is not a WRC project	NA	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	The audit team reviewed the Tri Party Agreement /15/ and attests that it is a legally binding commitment to continue management practices that maintain the project area as forest over the length of the 30-year crediting period	The signed legal contractual agreement between the three project proponent partners is considered to be of high quality	Risk rating is appropriate
(g)	The audit team reviewed the signed agreements between community members and project proponent regarding future granting of land tenure to communities /13//14/. In addition, the audit team confirmed through interviews the meetings between STR-Feijo and the project proponents which were held with the objective of clarifying overlapping claims.	The signed ata documents /13//14/ are considered of high quality	Risk rating is appropriate

4.4.3.7 External Risk – Community Engagement

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	Through observations and interviews, and through careful assessment of remotely sensed imagery /7/-/11/, the audit team agrees that all households living on the Envira Amazonia property have been contacted.	The audit team considers LANDSAT imagery to be of high quality	Risk rating is appropriate
(b)	Through observations and interviews, and given that settlements occur along the rivers and are therefore highly visible /7/-/11/, the audit team agrees that it is reasonable to assume that the project has contacted all families reliant on the project area	The audit team considers LANDSAT imagery to be of high quality	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(c)	Given that the Project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project Area, as demonstrated in the CCBA monitoring reports, the correct risk score is selected.	N/A	Risk rating is appropriate

4.4.3.8 External Risk – Political Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	The audit team has reviewed and recalculated the World Bank World governance indicator score and confirms that it is as stated by the time of the project start time and therefore that the risk score is appropriate.	The World bank governance indicator online database is considered of high quality (http://databank.worldbank.org/data/reports.aspx?source=Worldwide-Governance-Indicators)	Risk rating is appropriate
(d)	N/A	N/A	Risk rating is appropriate
(e)	NA	NA	Risk rating is appropriate
(f)	The audit team confirmed that the state of Acre is participating in the Governor's Climate and Forest Taskforce.	The audit team considers the Governor's Task Force webpage to be of high quality https://www.gcftf.org/	Risk rating is appropriate

4.4.3.9 Natural Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
Fire			

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
	The audit team agrees that, given the infrequency of fire in unfragmented Amazonian forest in the region, and given that the vast majority of the project area is unfragmented, as evidenced by project satellite imagery/GIS files /7/-/11/, in all but areas of anthropogenic edge bordering pasture, the risk of fire is greatly reduced. The audit team reviewed the Cochrane and Laurance study /22/, and the natural risk narrative provided by the team and interviewed local communities and Livio Veras Junior, a fireman, who confirmed the claims in the MR. In sum, the audit team agrees that the potential for fire is low and the impact of fire when it does happen on the carbon stock is insignificant.	The audit team considers peer-reviewed literature to be of high quality	Risk rating is appropriate
Pest and Disease Outbreaks			
	The audit team interviewed local communities and project personnel who confirmed the claims in the PD that natural risks from pests are not a threat to carbon stocks in the project area, in part due to the very high diversity of trees in the area. The audit team has experience working in the region and further corroborates the opinion of the local communities and project personnel regarding pest and disease outbreak and the risk rating claimed by the project.	NA	Risk rating is appropriate
Extreme Weather			
	The audit team interviewed local communities and project personnel who confirmed the claims in the MR that natural risks are very rare events, and are generally related to flooding from extreme rain events can occur but that species in the ecosystem are adapted to wet conditions. The audit team has experience working in the region and on this additional basis agrees with the risk rating claimed by the project.	NA	Risk rating is appropriate
Geological Risk			
	While on site, the audit team interviewed local communities and project personnel who confirmed the claims in the MR that neither volcanoes nor active tectonic faults are present in the project area. The audit team has experience working in the region and on this additional basis agrees with the risk rating claimed by the project.	NA	Risk rating is appropriate
Other natural risk			
NA		NA	Risk rating is appropriate

4.4.4 Dissemination of Climate Monitoring Plan and Results (CL3.2)

The audit team took the following steps to verify the actions taken to disseminate the climate monitoring plan and results.

- While on site, the audit team confirmed that the climate monitoring plan included within the PD and MR was available for public review in the project headquarters, and that the monitoring report results (which include the results of the climate monitoring plan) were made publicly available in the same way to communities throughout the project zone in the appropriate language of Portuguese.

In summary, through observations made on-site, the audit team concludes that the results of climate monitoring were disseminated in accordance with the validated project design.

4.4.5 Optional Gold Level: Climate Change Adaptation Benefits (GL1.4)

The audit team took the following steps to verify the actions taken to assist communities and/or biodiversity to adapt to the probable impacts of climate change.

- Prior to the site visit, the audit team reviewed Section 3.3 of the MR, which documents actions taken by the project to assist communities in adapting to climate change. Examples of implemented activities include building the community health center and onsite pharmacy to mitigate potential increases in mosquito-borne illnesses; and locating facilities further away from river banks to minimize risk of flooding. Examples of planned activities include assisting local families with access to markets for their products to overcome increased difficulty in transportation networks; and incorporating climate change adaptation into the agricultural extension courses. For biodiversity, the primary action to assist is through forest conservation activities.
- While on site, the audit team confirmed, through observations and interviews, that actions listed in Section 3.3 of the MR, both for communities and biodiversity, had been implemented.

In summary, the audit team concludes that the activities implemented deliver the intended impacts.

4.5 Community

4.5.1 Community Impacts (CM2.1)

The audit team took the following steps to verify the reported impacts of project activities on each identified community group.

- The audit team reviewed the MR Section 4.1.1 and confirmed it includes a detailed assessment of expected impacts on the well-being of communities of each of the main project activities including agricultural extension training, increased access to health and dental services, increased employment activities, granting of land titles, and diversification of livelihoods (e.g. establishing infrastructure for the collection, distribution and sale of medicinal plants, rubber, and açai).
- Through onsite interviews and review of documentation, the audit team confirmed the project utilizes appropriate methodologies, including the Basic Necessity Survey /1/ and the Participatory Rural Assessment /2/ to monitor and measure the project's impact on local families.
- Through interviews and review of documentation (e.g. the agreements or ata's /13/ and /14/ that were used by the project to allow individual families to indicate consent), the audit team confirmed

that direct consultation with families occurred and that consultation included topics of predicted and actual costs and risks, on each of the identified community groups.

- While on site, the audit team interviewed local community members who confirmed the project's statements with regard to changes in well-being and community impacts, were a result of the consultation process and are therefore defensible. The MR includes a breakdown of anticipated impacts by group and shows the result to be net positive for all groups, therefore meeting the requirements of this indicator.

In summary, the audit team concludes that the assessment of impacts is accurate.

4.5.2 Net Community Impact Mitigation (CM2.2)

The audit team took the following steps to verify the actions taken to mitigate any negative well-being impacts on communities and for maintenance or enhancement of the high conservation value attributes.

- This section is not applicable in that while on site, the audit team interviewed local community members and confirmed the statements made in the MR are accurate that there have been no potential negative community impacts. The audit team can confirm that adaptive management strategies are in place should any impacts arise.
- In addition, the project's monitoring systems are designed to monitor for negative impacts to community-related HCV attributes.

In summary, the audit team concludes that the project is in conformance with the CCB indicator.

4.5.3 Net Positive Community Well-Being (CM2.3)

The audit team took the following steps to verify that the net impacts of project activities on all identified community groups is positive.

- Please see the steps outlined in Section 4.5.2 of this report.
- While on site, the audit team interviewed local community members who confirmed that the anticipated net well-being impacts of the project are predicted to be positive for all identified community groups.

In summary, the audit team concludes that the project's anticipated net well-being impacts are predicted to be positive for all identified community groups compared with their anticipated well-being conditions under the without-project land use scenario.

4.5.4 Protection of High Conservation Values (CM2.4)

The audit team took the following steps to verify that no high conservation values related to community well-being in the project zone identified in the project's validated design have been negatively affected by the project.

- Based on interviews conducted with project personnel and community members, the audit team believes that community-related HCV's areas were correctly identified in the MR as the intact rivers and forests of the area, in that they provide critical ecosystem services, areas fundamental for livelihoods, and areas critical for traditional cultural identity.
- Based on interviews and onsite observations, the audit team agrees that the community-related HCV's are not negatively affected by the project.

- The audit team agrees, based on on-site observations and interviews, that the project's main goals of protecting forest cover of the project area will benefit, rather than harm the community-related HCV's.

In summary, given on site interviews and observations, the audit team concludes that no high conservation values related to community well-being in the project zone identified in the project's validated design have been negatively affected by the project.

4.5.5 Other Stakeholder Impacts (CM3.2-CM3.3)

The audit team took the following steps to (1) verify the measures implemented to mitigate the negative well-being impacts on other stakeholders and (2) verify that the net impact of project activities on other stakeholders is positive.

- The project identifies other stakeholders primarily as communities living outside the project zone and along the project area border along the Envira River. Per Section 2.4, the audit team conducted interviews of a subsample of other stakeholders.
- The audit team reviewed the MR regarding measures implemented to mitigate the negative well-being impacts on other stakeholders, and included to mitigate potential negative impacts to the well-being of other stakeholders.
- The audit team agrees, based on on-site observations and interviews with project personnel and communities members, that the activities undertaken during the reporting period (related to long term protection of the project area forest, as well as project benefits such as health care access which was extended to other stakeholders as well) will result in a net benefit to other stakeholders.

In summary, the audit team agrees with the conclusions drawn regarding mitigation of negative impacts on other stakeholders, as well as that the net impact of project activities on other stakeholders is positive.

4.5.6 Community Monitoring Plan (CM4.1, CM4.2, GL2.2, GL2.3, GL2.5)

The audit team took the following steps to verify that the community impact monitoring has been carried out in accordance with the project's validated design.

Steps taken to verify...	
Communities, community groups, other stakeholders, and HCVs related to community well-being identified in the monitoring plan.	• The audit team thoroughly reviewed the MR Section 4.3.1. and confirmed that community monitoring is being described in accordance with the validated design and is very detailed and well described. • While on site, the audit team interviewed local community members (including community groups), as well as project personnel, and confirmed that the appropriate communities, community groups, other stakeholders, and HCVs related to community well-being are identified in the monitoring plan
Community variables monitored.	• The audit team while on site interviewed communities and confirmed that community monitoring variables were produced as a result of the consultation process that took place during validation (and per the validated PD design). These are seen being implemented in a positive way. Documentation assessed were the PRA and BNS surveys /1//2/ which were used in monitoring. The Theory of Change is used to create flow diagrams which were confirmed by the audit team.

The dates, frequency and sampling methods used are in accordance with the validated project design.	While on-site, through interviews with project personnel, and communities, the audit team confirmed the dates, frequency and sampling methods used are in accordance with the validated project design.
The results of monitoring.	The audit team confirmed the results of monitoring through on-site observations and interviews. For instance, the audit team discussed the survey results with specific families who were surveyed and confirmed the accuracy of the results. The audit team visited several facilities that were built by the project, including bathrooms (with installation of water pumps and plumbing) within community members' homes, the onsite health clinic, and the project headquarters.

In addition, the project is seeking Gold Level for exceptional community benefits. The audit team confirmed that the monitoring results included the identified indicators of well-being impacts on smallholder/community members, risks for smallholder/community members, and impacts on women, as follows:

- The audit team closely reviewed the community monitoring plan including in Section 4.3.1 of the MR to confirm that it includes indicators of well-being impacts and risks for smallholder/community members, and indicators of impacts on women, which includes a very detailed matrix of preliminary indicators used to monitor social impacts
- Based on interviews conducted with project personnel and community members, the audit team agrees that all the communities in the project zone meet the definition of marginalized and vulnerable due to their location and the limited access to health care services and to the fact that they do not have official land title. In addition within the communities, the audit team confirmed that the surveys conducted by the project /13/ /14/ include indicators to further detect which families are most marginalized and vulnerable, as is discussed in detail in sections 4.4.2 of the MR. The audit team also confirmed that the project team does intend to include in the surveys indicators related specifically to impacts on women.

In summary, given documentation assessment, interviews and observations made on-site, the audit team concludes that the results of climate monitoring were disseminated in accordance with the validated project design.

4.5.7 Community Monitoring Plan Dissemination (CM4.3)

The audit team took the following steps to verify the actions taken to disseminate the results of community monitoring in accordance with the monitoring plan.

- While on site, the audit team confirmed that the community monitoring plan included within the PD and MR was available for public review in the project headquarters, and that the monitoring report results (which include the results of the community monitoring plan) were made publicly available in the same way to communities throughout the project zone in the appropriate language of Portuguese.

In summary, through observations made on-site, the audit team concludes that the results of community monitoring were disseminated in accordance with the validated project design.

4.5.8 Optional Gold Level: Short-term and Long-term Community Benefits (GL2.2)

The audit team, through review of documentation (including the indicators included in the community monitoring plan) and through on-site observations and interviews, validated the short-term and long-term net positive well-being benefits for smallholders/community members generated by the project activities. The audit team confirmed the project includes benefits that are both short-term (e.g. employment by

hiring local communities as guides, boat drivers, and cooks; facilitation of on-site health visit with dentist and nurse; installation of bathrooms) and long-term (assistance with obtaining land title, establishment of local health clinic). Through interviews with a large number of project participants/community members, the audit team found the benefits deriving from project activities to be designed to be distributed equitably among smallholders, as well as to assist traditionally vulnerable groups including women and impoverished landholders. The audit team agrees that the planned offering of agricultural extension courses as well as livelihoods diversification should deliver well-being benefits to communities by providing revenue from diverse sources if, for instance, cattle or crop prices fall.

The audit team therefore concludes that the project activities are designed to provide short-term and long-term net positive well-being benefits for smallholders/community members, per requirements of CCB Indicator GL2.2.

4.5.9 Optional Gold Level: Smallholder/community member Risks (GL2.3)

The audit team, through review of documentation (including the community monitoring plan) and through on-site observations and interviews with community members, verified the activities implemented to manage identified risks to smallholders/community members to participate in the project and measures taken to manage the identified risks.

4.5.10 Optional Gold Level: Marginalized and/or Vulnerable Community Groups (GL2.4)

The audit team, through review of documentation (including the indicators included in the community monitoring plan) and through on-site observations and interviews, validated how the marginalized and/or vulnerable community groups that the project is engaging will gain net positive benefits. The audit team first confirmed the appropriateness of the group identified by the project, which are community members of lower means, as identified by the Basic Necessities Survey. The audit team confirmed that the project activities are designed to assist such community groups, generating net positive impacts to them, without barriers to prevent access to benefits, and without negative impacts. The audit team confirmed that a detailed analysis of barriers to participation of such community members (e.g. if they live farther from project headquarters they may not have access to project benefits), and ways the project activities are designed to circumvent such barriers (agricultural extension courses, building toilets, occurs throughout communities; provision of gas or food for activities that must occur at project headquarters, like health clinic).

The audit team therefore concludes that the project fulfills the requirements of CCB Indicator GL2.4.

4.5.11 Optional Gold Level: Net Impacts on Women (GL2.5)

The audit team, through review of documentation and through on-site observations and interviews with community members, verified that the project generates net positive impacts on the well-being of women and that women participate in or influence decision making. Through interviews during site visit (see Section 2.4), the audit team met with female community members who attested that they do or will benefit from training or other services provided by the project, and that women have been part of the FPIC and ongoing consultation meetings for the project. The audit team reviewed the PRA surveys /2/ and note specific questions related to how best to increase female participation and benefits related to the project, the outcomes of which are listed in the MR. The audit team interviewed the female community member (Maria Sueli de Souza e Souza) who has been trained by the project to provide health services and medication to community members, as well as other women who have had access to short term employment opportunities (e.g. to cook and clean).

4.5.12 Optional Gold Level: Benefit Sharing Mechanisms (GL2.6)

The audit team, through on-site observation and interviews with project personnel and community members, verified that the project's benefit sharing mechanism(s) meet the requirements of GL2.6. By virtue of the fact that the project encompasses a relatively small number of families living within the project area, an equitable distribution of benefits is intrinsic to the project design at least relative to larger projects. The audit team was able to confirm based on interviews that benefits that were shared during the monitoring period (including dentist visits and building of in-home bathrooms), were equitably shared. The audit team heard from a number of project staff and community members that equitable benefit sharing is a high priority of the project. The audit team concludes that the project's benefit sharing mechanism(s), at current time, meets the requirements of GL2.6.

4.5.13 Optional Gold Level: Governance and Implementation Structures (GL2.8)

The audit team, through on-site observations and interviews with project personnel and community members, confirmed compliance to GL2.8 regarding the project's governance and implementation structures. As stated in prior section, the small number of communities within the project relative to other projects, makes this a lower risk indicator. The audit team confirmed the traditional decision making structure of the communities, as stated in the MR Section 4.4.5, are correct, and that many decisions are made at the household-level. Through interviews with a large number of community members (see Section 2.4), and through review of project documentation /1-2/ /13-14/ the audit team confirmed that the project has enabled full and effective participation of smallholders/community members in project decision-making.

4.5.14 Optional Gold Level: Smallholders/Community Members Capacity Development (GL2.9)

In addition to what is stated in the above section and prior section regarding planned trainings and capacity building, the audit team interviewed the Union of Rural Workers of the municipality of Feijo (STR-Feijo), as stated in Section 2.4, and confirmed that the project team has met with them as stated in the MR, to describe the project and to discuss the legalization of the communities' land tenure through the donation of areas where residents already reside within the Project. The audit team concludes that the project is developing the capacity of smallholders/community members and local institutions to participate effectively and actively in project design, and currently meets the requirements of GL2.9.

4.6 Biodiversity

4.6.1 Biodiversity Changes (B2.1)

The audit team took the following steps to verify the reported changes in biodiversity in the project zone due to project activities.

Steps taken to verify...	
The accuracy and appropriateness of monitored data	- The audit team confirmed the accuracy and appropriateness of monitored data (e.g. remotely sensed and satellite imagery used to monitor and report changes in forest cover), through on site observations. - In addition, the audit team was able to independently confirm the accuracy of the GIS and remote sensed image /7//9/ analysis performed by the remote sensing specialist, and through a detailed walk-through of steps performed by the remote sensing specialist (Section 2.4). - The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area, which included at least two

	near threatened and 18 endemic bird species /20/.
The justification used to attribute biodiversity changes to the project's activities	The audit team agrees that the most likely without-project scenario, which is conversion to a large cattle ranch, would substantially reduce biodiversity within the project area. The project, through its activities, has therefore reduced forest loss and biodiversity loss.

In summary, the audit team concludes that the project's assessment of changes in biodiversity resulting from project activities in the project zone during the verification period are accurate.

4.6.2 Mitigation Actions (B2.3)

Through the steps described in Section 4.6.1 and given that the primary project activity is the protection of forests within the project area, the audit team confirmed that none of the project activities is expected to have any negative impacts on biodiversity, including any of the project HCVs.

The audit team agrees that no negative impacts on biodiversity or area HCV's will occur due to project activities.

4.6.3 Net Positive Biodiversity Impacts (B2.2)

The audit team took the following steps to verify that no high conservation values were negatively affected by the project.

- The audit team visited the project area as well as assessed remotely sensed imagery /7//9/ and confirmed maintenance of forest cover relative to the without-project scenario. In addition, the audit team observed areas near to but outside the project area that have been cleared of forest largely for cattle grazing.
- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area, which included at least two near threatened and 18 endemic bird species /20/.
- The audit team reviewed the IUCN lists, and confirmed a subset of the 23 species that are listed as Vulnerable, Endangered and Critically Endangered as occurring in the project area (as listed in Section 5.1.4 of the MR) and agreed that the WWF source is reputable for determination of endemic species /21/.

In summary, based on documentation assessment, interviews and observations made on-site, the audit team agrees that the project's net impacts on biodiversity in the project zone are positive.

4.6.4 High Conservation Values Protected (B2.4)

The audit team took the following steps to verify that no high conservation values were negatively affected by the project.

- Through visits to the project area, the audit team was able to confirm the benefits of the project activities, as well as the threats faced.
- As the entirety of the project area is considered a high conservation area and given that the primary project activity is the protection of forests in the project area, the audit team agrees with the project team that no high conservation value area is negatively affected by the project.
- The audit team reviewed the IUCN lists, and confirmed a subset of the 23 species that are listed as Vulnerable, Endangered and Critically Endangered, as occurring in the project area, and agreed that the WWF source is reputable for determination of endemic species.

- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area, which included at least two near threatened and 18 endemic bird species /20/.

In summary, based on documentation assessment, interviews conducted, and observations made on-site, the audit team agrees that no high conservation values were negatively affected by the project.

4.6.5 Invasive Species (B2.5)

Through interviews and observations made on-site, the audit team confirmed the project team's assertion that project activities that include any planting within the project zone will utilize native or naturalized tree/plant species on-site and that no invasive or non-native species will be used in the project area.

4.6.6 Impacts of Non-native Species (B1.4)

Please see Section 4.6.5 above.

4.6.7 GMO Exclusion (B1.5)

The audit team confirmed that no GMO's were used to generate GHG emission reductions or removals during the verification period.

4.6.8 Inputs Justification (B2.8)

Through interviews and observations made on-site, the audit team confirmed the project team's assertion that no inputs such as any fertilizers, chemical pesticides, and biological control agents have been used during the verification period.

4.6.9 Negative Offsite Biodiversity Impacts (B3.1) and Mitigation (B3.2)

The audit team took the following steps to (1) verify any negative impacts on biodiversity outside the project area due to the project and (2) verify the project's identified negative impacts and the actions taken by the project to mitigate negative impacts.

- Through interviews and observations made in the project area, as well as through professional judgement based on verification visits in other parts of the Brazilian Amazon, the audit team agrees that the project is very unlikely to have negative biodiversity impacts outside the project area which would not have occurred in the absence of the project.
- The audit team therefore agrees that mitigation measures against such impacts are not needed.

In summary, based on interviews, observations made onsite, the audit team concludes that the project had adequately identified all negative offsite biodiversity impacts and has taken actions to mitigate the impacts.

4.6.10 Net Offsite Biodiversity Benefits (B3.3)

The audit team took the following steps to verify that the project's net biodiversity impacts are positive, taking into account positive and negative impacts on biodiversity within the project zone and unmitigated negative impacts on biodiversity outside the project zone.

- As stated in Section 4.6.9, the audit team agrees that negative offsite impacts to biodiversity are unlikely to occur as a result of the project, and therefore, that evaluation of unmitigated offsite impacts is not applicable

In summary, the audit team concludes that the net biodiversity impacts of the project are positive.

4.6.11 Biodiversity Monitoring Results (B4.1, B4.2, GL3.4)

The audit team took the following steps to verify that the biodiversity impact monitoring has been carried out in accordance with the project's validated design.

Steps taken to verify...	
That the dates, frequency, biodiversity variables and sampling methods used are in accordance with the validated project design.	• While on site, the audit team interviewed (per Section 2.4) project personnel involved in the deforestation monitoring through satellite imagery assessment and confirmed their competency. • The audit team interviewed project personnel involved in the bird survey (per Section 2.4), and heard of the biomass teams involved in carbon plot monitoring, and confirmed their competence to perform the wildlife and vegetation monitoring protocols • The audit team reviewed and confirmed that the biodiversity monitoring plan selected biodiversity indicators that are directly linked to the project's biodiversity objectives, and that the appropriate sampling methods, dates, frequencies, and reporting methods are used. • The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area, which included at least two near threatened and 18 endemic bird species /20/.
The results of monitoring.	• As stated in previous sections, the audit team interviewed project personnel involved in wildlife surveys and deforestation monitoring. • The audit team was able to independently confirm the accuracy of the GIS and remote sensing work performed by the remote sensing specialist.
The effectiveness of measures taken to maintain or enhance all identified high conservation values.	• As stated in previous sections, the entire project area is considered an HCV area, and the primary project activity is the protection of forests in the project area; the audit team agrees with measures taken to maintain and enhance the project area.

As the project is validated to the Gold Level for exceptional biodiversity benefits, the audit team verified that the monitoring results included the identified indicators of population trends of each of the trigger species (identified are two tree species called Canela de Velho and Red Cedar, and 9 trigger bird species identified in the MR Section 5.4), as well as threats to the trigger species.

In summary, the audit team concludes that the biodiversity monitoring plan was carried out in accordance to the validated project design.

4.6.12 Biodiversity Monitoring Plan Dissemination (B4.3)

The audit team took the following steps to verify the actions taken to disseminate the biodiversity monitoring plan and results:

- While on site, the audit team confirmed that the biodiversity monitoring plan included within the PD and MR was available for public review in the project headquarters, and that the monitoring report results (which include the results of the biodiversity monitoring plan) were made publicly available in the same way to communities throughout the project zone in the appropriate language of Portuguese.
- The audit team confirmed that the bird biodiversity study from the project area /20/ was published in the peer-reviewed literature as stated in the MR.

In summary, the audit team concludes that the results of biodiversity monitoring were disseminated in accordance with the validated project design.

4.6.13 Optional Gold Level: Trigger Species Population Trends (GL3.3)

The audit team took the following steps to verify the actions taken by the project to maintain or enhance the population status of each trigger species in the project zone, and reduce threats to them:

- As detailed in Section 4.6.3, the audit team took steps to confirm through interviews, observations made on site, and independent review of remotely sensed imagery used for monitoring of forest canopy cover that the project is having net positive biodiversity impacts through project actions; these actions are also thought to maintain or enhance the population status of many or all the trigger species in the project zone, by reducing (forest) habitat loss and habitat fragmentation.
- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) and assessed his 2015 study of birds within the project area /20/, which included at least two near threatened and 18 endemic bird species. Through the interview the process used to identify the 9 endemic trigger bird species and their population trends using the published Integrated Biodiversity Assessment Tool (IBAT) and IUCN data was confirmed.
- The audit team reviewed the IUCN list in Section 5.4 of the MR, and confirmed the information presented about them in the PD and MR as Vulnerable, Endangered and Critically Endangered are occurring in the region of the project area and agreed that the WWF source /21/ is reputable source for determination of endemic species.

In summary, the audit team concludes that the actions taken by the project maintain or enhance the population status of each trigger species in the project zone and reduce threats to them.

4.6.14 Optional Gold Level: Effectiveness of Threat Reduction Actions (GL3.4)

The audit team took the steps outlined in Section 4.6.13 to confirm the assertions made by the project regarding the efficacy of threat reduction actions and to confirm that Section 5.4.1 of the MR contains detailed information regarding the population trends and threats to the project's eleven trigger species.

In summary, the audit team concludes that the actions taken by the project maintain or enhance the population status of each trigger species in the project zone and reduce threats to them.

4.7 Additional Project Implementation Information

This section is not applicable.

4.8 Additional Project Impact Information

This section is not applicable.

5 VERIFICATION CONCLUSION

The audit team asserts, with no qualifications or limitations, that:

- The project complies with the verification criteria for projects set out in CCB Version 3 and VCS Version 4.
- The project has been implemented in accordance with the validated project description and any subsequently validated changes.

The audit team concludes that the climate change adaptive capacity and resilience, community and biodiversity benefits achieved by the project during the project implementation period are net positive and that the project has achieved, or is on track to achieve, its stated climate change adaptive capacity and resilience, community and biodiversity objectives.

The audit team concludes, with reasonable assurance, that the quantification of the net GHG emission reductions and removals that have occurred as a result of the project during the verification period, as reported above, is free of material misstatement and complies with the verification criteria.

Verification period: From 1 January 2016 to 31 December 2018

The audit team confirms, with reasonable assurance, the buffer contribution of 23% during the monitoring period and the net VCUs of 5,021,562 tCO₂e are eligible for issuance.

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

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Risk buffer (%)	Deductions for AFOLU pooled buffer account (tCO ₂ e)	Net GHG emission reductions or removals issued as VCUs (tCO ₂ e)
2016	3,783,480	6,147	597,415	23%	868,787	2,311,131
2017	3,864,401	46,334	545,186	23%	878,155	2,394,725
2018	456,342	46,334	0	23%	94,302	315,706
Total	8,104,223	98,815	1,142,601	-	1,841,244	5,021,562

APPENDIX A: FINDINGS ISSUED UNDER VCS VERSION 4

Please see Section 2.6 above for a description of the finding's issuance process and the categories of findings issued. It should be noted that all language under "Project Personnel Response" is a verbatim transcription of responses provided to the findings by project personnel. It should be further noted that the validation process occurred concurrently with the initial verification and, as such, the below findings include documentation of issues relevant to both the validation and verification engagements.

NCR 1 Dated 29 May 2019

Standard Reference: AFOLU Non-Permanence Risk Tool v. 3.3

Document Reference: 2018 Envira VCS Non-Permanence Risk Report 2019.03.18.pdf

Finding: Section 1.1.3 of the AFOLU Non-Permanence Risk Tool states "Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating."

The AFOLU Non-Permanence Risk Tool Section 2.2.4(3) states "For all AFOLU project types, the entire project longevity shall be covered by management and financial plans as submitted to local government or financial institutions, or otherwise made public, in which the intention to continue management practices is stated and planned for, and may include external evidence such as municipal land-use plans, institutional structures, or tools such as ecological-economic zoning."

It is not currently indicated how the referenced requirement is fulfilled, nor has supporting evidence been submitted.

Project Personnel Response: The following paragraph will be added to the Non-Permanence Risk Report:

"The Project Proponents pre-registered the Envira Amazonia Project with the State of Acre's Climate Change Institute, a government entity. This pre-registration included the VCS translated methodology and a required cover page with supplemental information (i.e., including PDD, Monitoring Report, good standing letter, etc.). One of requirements was the Tri-Party Agreement which outlines the financial responsibility of the Project Proponents. In addition, the PDD and Monitoring Reports, which are publicly available and which were shared with the Climate Change Institute, outline the project implementation schedule."

A copy of the registration, and its receipt confirmation, will be shared with SCS Global Services.

Auditor Response: The verification team reviewed the project team's submission to the State of Acre's Climate Change Institute ("Envira Amazonia Project's IMC Submittal (July 2016).pdf"), dated July 2016, which includes the Tri-Party Agreement contract between the landowners and the project developers, includes language (in Section 7 of the contract) regarding the project lifetime of 30 years, and outlines the management objectives of the project. The finding is therefore resolved.

NCR 2 Dated 29 May 2019

Standard Reference: AFOLU Non-Permanence Risk Tool v. 3.3

Document Reference: 2018 Envira VCS Non-Permanence Risk Report 2019.03.18.pdf

Finding: Section 2.2.3 of the AFOLU Non-Permanence Risk Tool states: "Opportunity cost (OC) shall be assessed using Table 3, noting the following: 1) Opportunity cost analysis shall be undertaken based on the alternative land uses identified in the project's additionality assessment (except where (2) applies). The onus is on the project proponent to demonstrate and substantiate what constitutes credible alternative land use scenarios within this area, and shall at a minimum include the activities identified in the baseline scenario. The opportunity cost analysis shall include a net present value (NPV) analysis, covering the project crediting period, of such alternatives as compared to the project, taking into consideration a conservative estimate of revenue from GHG credit sales and other project revenue streams, and potential price fluctuations of commodities impacted by the project. The financial discount rates used shall be based on published sources and represent the appropriate risk for the relevant land use scenario. Estimates of prices for GHG credit sales shall be based on published sources such as market intelligence reports. The analysis shall be undertaken in a transparent manner and shall provide all relevant assumptions, parameters, and data sources such that a reader may reproduce the analysis and determine the same results. 2) Where the majority of baseline activities over the length of the project crediting period are subsistence-driven, an NPV analysis is not required, but an assessment of the net impacts of the project on the social and economic well-being of the communities who derive livelihoods from the project area (see Section 2.3.2) shall be undertaken. Based on this assessment, the project shall be assigned an opportunity cost score as set out in Table 3."

Table 3 in the referenced project Non-Permanent Risk Report does not currently provide an NPV analysis. The table employs a risk rating of 8, stating as follows "the highest risk rating has been chosen as the NPV from the most profitable alternative land use activity (pasture) is expected to be at least 100% more than that associated with Project activities. An NPV analysis is not required as the chosen risk rating is the highest and most conservative." As reference in the Tool Section 2.2.3(2), if the majority of baseline activities are subsistence-driven, an NPV analysis is not required and the report should clarify this. If not, per 2.2.3(1), an NPV analysis is required.

Project Personnel Response: CarbonCo prepared a NPV and it will be shared with SCS Global Services. The results do not change the risk rating for this particular line item.

Auditor Response: The verification team reviewed the project team's revised submission "2018 Envira VCS Non-Permanence Risk Report 2019.08.02" including the submitted NPV analysis. It was confirmed that the information provided is sufficient to close the finding.

NCR 3 Dated 29 May 2019

Standard Reference: AFOLU Non-Permanence Risk Tool v. 3.3

Document Reference: 2018 Envira VCS Non-Permanence Risk Report 2019.03.18.pdf

Finding: Section 2.3.1 of the AFOLU Non-Permanence Risk Tool states "Land and resource tenure (LT) shall be assessed using Table 6, noting the following:

- 1) The project proponent shall select the appropriate risk score for the land/resource access/use rights and the ownership situation applicable to the project.
- 2) Any additional withholding required for disputes over land/resource ownership or access/use rights shall be added to the risk score."

Section 2.2.3 of the project's Risk Report currently employs a risk rating of '10' for risk factors (a)-(d). However, risk factor (b) is noted to be separate from risk factor (c) in Table 6.

Project Personnel Response: Risk factors a-d in the Land Tenure and Resource Access/Impacts table of the VCS Risk Report has been split into 3 options, a-b, c, and d. This has resulted in the total land tenure risk score to fall from 6 to 3.

The following text will replace existing text in the VCS Risk Report.

a-b) Ownership and resource access/use rights are held by different entities. The landowner, who is also a project proponent, owns the project area outright (see Section 1.12). Further, the property was geo-referenced and officially registered in the cadaster (Cadastro Ambiental Rural), a process which involved on the ground assessment of all property boundaries and consultations with neighboring landowners and resolution of any existing boundary disputes. Community members which have been living on land adjacent to the project area have resource access/use rights. These rights are not disputed by the owners. Risk Score = 2

c) There are no disputes over land tenure or ownership within the project area. The land is clearly titled to JR Agropecuária e Empreendimentos EIRELI. Further, JR Agropecuária e Empreendimentos EIRELI recognizes that many of the community members have lived on lands adjacent to the project area for over 20 years and acknowledge their rights to land they have made improvements to. Community members that have been living on land adjacent to the project area and who made the land productive (e.g., by growing crops or raising animals) for ten years, have the legal right to have that land titled to them. If there were any land tenure or ownership disputes, these disputes would be limited to the 255.3 ha of land within the project boundary cleared since the project start. This cleared land only represents 0.65% of the project area. Risk Score = 0

d) While no disputes over access/use rights exist, there are overlapping rights, where some members of the community want to deforest land for agriculture, but the owner of the property want to limit this clearing of land in support of this REDD project. To resolve these overlapping rights, JR Agropecuária e Empreendimentos EIRELI will voluntarily recognize whatever area is currently deforested and under productive use by each family. Risk Score = 5

Auditor Response: The verification team reviewed the project team's revised submission "2018 Envira VCS Non-Permanence Risk Report 2019.08.02" and confirmed that the revised text and risk scores for a) through d) of the Land Tenure and Resource Access/Impacts table were revised appropriately. The finding is closed.

NIR 4 Dated 29 May 2019

Standard Reference: AFOLU Non-Permanence Risk Tool v. 3.3

Document Reference: 2018 Envira VCS Non-Permanence Risk Report 2019.03.18.pdf

Finding: Section 1.1.3 of the AFOLU Non-Permanence Risk Tool states "Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating."

Section 2.3.1(3) states "The mitigation discount may be subtracted where it can be demonstrated that such mitigation is in place."

Table 6, risk factor (g) of the AFOLU Non-Permanence Risk Tool states: "Mitigation: Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims."

The project's Risk Report, Table 6, risk factor (g) claims a risk rating of -2, and the description reads "The Project Proponents have discussed with the communities the desire to grant official land titles. JR Agropecuaria e Empreendimentos EIRELI has also met with STR-Feijo to be a potential third-party mediator, if such an intermediary is necessary. In addition, the Project activity of assisting the local communities with gaining official land tenure is part of the validation and verified Project documents."

The appropriateness of the mitigation score can be evaluated once evidence is submitted substantiating the referenced Risk Tool requirements are met.

Project Personnel Response: The following was added to the Non-Permanence Risk Report:

"The Project Proponents and/or their representatives have discussed granting land tenure with the local communities since June 2014, as evidenced by the atas provided to the independent validation and verification body."

This ata will be provided to SCS Global Services.

Auditor Response: The verification team reviewed the project team's revised submission "2018 Envira VCS Non-Permanence Risk Report 2019.08.02" and confirmed that the revised text and risk score g) of the Land Tenure and Resource Access/Impacts table was revised appropriately. The two documents related to the discussion between the project proponents and the communities regarding land tenure were reviewed ("ATA DA REUNIÃO PROJETO VISITA EM 29 DE DEZEMBRO.pdf" and "Envira Amazonia Project's Individual Atas.pdf") and were found to be appropriate to satisfy the finding. The finding is closed.

NCR 5 Dated 29 May 2019

Standard Reference: REDD Methodology Modules VM0007 (REDD-MF) v. 1.4; VCS Module VMD0014 REDD Methodological Module: Methods for Monitoring of GHG Emissions and Removals (M-MON) v2.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The VCS Methodology VM0007, Section 5 Procedures, Step 3 Development of Monitoring Plan, states "For monitoring changes in forest cover and carbon stock changes, the monitoring plan shall use the methods given in M-MON. All relevant parameters from the modules are to be included in the monitoring plan." VM0007 Table 1 lists the M-MON module as "always mandatory" for planned deforestation projects.

The M-MON module, Step 2, subsection Monitoring Degradation, states as follows regarding participatory rural appraisals (PRA) used to monitor degradation: "The first step in addressing forest degradation is to complete a participatory rural appraisal (PRA) of the communities inside and surrounding the project area to determine if there is the potential for illegal extraction of trees to occur. If this assessment finds no potential pressure for these activities then degradation ($\Delta CP, DegW, i, t$) can be assumed to be zero and no monitoring is needed. The PRA must to be repeated every 2 years." In addition, Section 6.2 Data and Parameters Monitored for Verification, lists the frequency of monitoring as every 2 years in the Degradation PRA Results box.

However the referenced project monitoring report states that the project's PRA is conducted every 4, not 2 years.

Project Personnel Response: The following methodology deviation has been added to Section 2.2.2 of the MR.

"The frequency which degradation needs to be monitored has been increased from 2 years to less than 5 years to streamline monitoring requirements and ensure consistency throughout the M-MON module. The requirement to conduct the PRA every 2 years does not make sense because even where the PRA indicates degradation is occurring, degradation is then estimated by a "limited sampling" approach (as found in M-MON) which would only be implemented in the field at a sampling frequency of less than 5 years. Further, the degradation PRA is the only parameter (as listed in 3.1.2 Data and Parameters Monitored) which necessitates a frequency of measurement less than 5 years, This deviation "from the criteria and procedures relating to monitoring or measurement" as set out in the methodology has been first utilized during the 2016-2018 monitoring period. The deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals. This is the case because this initial PRA is only used to indicate as to whether degradation is de minimis or not. This deviation relates only to the criteria and procedures for monitoring or measurement, and does not relate to any other part of the methodology as it only affects the degradation emission parameter in the M-MON module."

Further the text in 3.1.2 Data and Parameters Monitored has been changed from:

"Repeated each time the PRA indicates a potential for degradation. PRA conducted every < 2 years" to

"Repeated each time the PRA indicates a potential for degradation. PRA conducted every < 5 years or if verification occurs on a frequency of less than every 5 years PRA must occur prior to any verification event".

Auditor Response: The verification team reviewed the revised text of the revised document "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED". Section 2.2.2 Methodology Deviations was revised to add the information as stated. The verification team agrees that the deviation meets the requirements of VCS Standard Section 3.5.1, that is that it does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals, and does not relate to other parts of the methodology. The finding is closed.

NIR 6 Dated 29 May 2019

Standard Reference: REDD Methodology Modules VM0007 (REDD-MF) v. 1.4; VCS Module VMD0014 REDD Methodological Module: Methods for Monitoring of GHG Emissions and Removals (M-MON) v2.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: M-MON states under Section 6, Step 1 relates to Selection and analyses of sources of land-use and land-cover (LU/LC) change data, and states as follows: "Medium resolution remotely sensed spatial data shall be used (30 x 30m resolution or less, such as Landsat, Resourcesat-1, or Spot sensor data). In general, the same source of remotely sensed data and data analysis techniques must be used within the period for which the baseline is fixed. If remotely sensed data have become available from new and higher resolution sources (e.g. from a different sensor system) during this period then it is possible to change the source of the remotely sensed data. Equally, if the same source is no longer available (e.g. due to satellites or sensors going out of service) an alternate source may be used. A change in source data may only occur if the images based on interpretation of the new data overlap the images based on interpretation of the old data by at least 1 year and they cross calibrate to acceptable levels based on commonly used methods in the remote sensing community."

The project's MR Section 3.2.2 states "As the Acre State deforestation dataset was no longer available, a new classification of 2018 Landsat imagery was used to monitor deforestation, as per the monitoring plan approved in the Project document. Landsat 8 OLI imagery (path 3 row 66) was downloaded from USGS through Earth Explorer. The image acquired was from 2018-09-06, contained 0% cloud cover, and had little atmospheric distortion. This data is Landsat Tier 1 data, meaning that it "contains the highest quality Level-1 Precision Terrain (L1TP) data considered suitable for time-series analysis." Given the change in LU/LC data, please provide clarification that the requirements listed above are met.

Project Personnel Response: There has not been any change in the source of land-use and land-cover (LU/LC) change data, but rather in the processing of the LU/LC change data. We have provided explanations for how the requirements have been met, below.

M-MON states under Section 6, Step 1 relates to Selection and analyses of sources of land-use and land-cover (LU/LC) change data, and states as follows: "Medium resolution remotely sensed spatial data shall be used (30 x 30m resolution or less, such as Landsat, Resourcesat-1, or Spot sensor data). In general, the same source of remotely sensed data and data analysis techniques must be used within the period for which the baseline is fixed.

The same source of remotely sensed data, LandSat, has been used since project inception for classifying land-use and land-cover.

If remotely sensed data have become available from new and higher resolution sources (e.g. from a different sensor system) during this period then it is possible to change the source of the remotely sensed data. Equally, if the same source is no longer available (e.g. due to satellites or sensors going out of service) an alternate source may be used. A change in source data may only occur if the images based on interpretation of the new data overlap the images based on interpretation of the old data by at least 1 year and they cross calibrate to acceptable levels based on commonly used methods in the remote sensing community."

We have not needed to change the source of the remotely sensed data as LandSat is still available.

The project's MR Section 3.2.2 states "As the Acre State deforestation dataset was no longer available, a new classification of 2018 Landsat imagery was used to monitor deforestation, as per the monitoring plan approved in the Project document. Landsat 8 OLI imagery (path 3 row 66) was downloaded from USGS through Earth Explorer. The image acquired was from 2018-09-06, contained 0% cloud cover, and had little atmospheric distortion. This data is Landsat Tier 1 data, meaning that it "contains the highest quality Level-1 Precision Terrain (L1TP) data considered suitable for time-series analysis." Given the change in LU/LC data, please provide clarification that the requirements listed above are met.

As mentioned above, there has not been any change in the source of land-use and land-cover (LU/LC)

change data, but rather in the processing of the LU/LC change data. The VVB text cited above comes from the "STEP 1. Selection and analyses of sources of land-use and land-cover (LU/LC) change data" of M-MON as opposed to the either of the next steps "Processing LU/LC Change Data" or "Post-processing and accuracy assessment". The change in monitoring procedures was actually a change in processing of Landsat data as opposed to a change in data source, itself. Processing and post-processing steps meet the requirements of the methodology as laid out in Section 3.2.2 of the monitoring report.

Auditor Response: The verification team reviewed the response and agrees with the reasoning of the project team regarding compliance with the M-MON Step 1 source requirements, and agrees that the project meets the Step 1 requirements related to processing and post-processing, as confirmed during the meeting with the project's remote sensing expert on 25th June 2019. The finding is closed.

NIR 7 Dated 29 May 2019

Standard Reference: REDD Methodology Modules VM0007 (REDD-MF) v. 1.4; VCS Module VMD0014 REDD Methodological Module: Methods for Monitoring of GHG Emissions and Removals (M-MON) v2.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The VM0007 REDD-MF Framework Methodology, Section 3, states as follows: "This Framework requires the use of the latest approved versions of the following modules and tools".

The current version of the M-MON module is 2.1.

Section 3.2.2 of the project's MR states "Project emissions are estimated by applying module M-MON (VMD0015, Version 2.0) of Methodology VM0007", while Section 2.1.8 of the same documents states that the 2.1 version of the M-MON was used. Please clarify and revise accordingly.

Project Personnel Response: Section 3.2.2 of the MR has been revised to state: "Project emissions are estimated by applying module M-MON (VMD0015, Version 2.1) of Methodology VM0007."

Auditor Response: The verification team reviewed the revised text of the revised document "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED". Section 3.2.2 and confirmed the text has been changed as stated.

NIR 8 Dated 3 Jul 2019

Standard Reference: VCS Module VMD0014 REDD Methodological Module: Methods for Monitoring of GHG Emissions and Removals (M-MON) v2.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: Section 6.2 Data and Parameter Monitored for Verification requires a “Project Forest Cover Monitoring Map”, described as a “map showing the location of forest land within the project area at the beginning of each monitoring period. If within the Project Area some forest land is cleared, the benchmark map must show the deforested areas at each monitoring event.” Noting that “where forest land contains more than one forest class, the map must be stratified into forest classes using module X-STR.”

The MR currently contains Figure 3.2., the 2018 forest benchmark map for the project area, however it does not appear to contain a map showing the location of forest land within the project area at the beginning of the monitoring period.

Project Personnel Response: Figure 3.2 has been revised to demonstrate compliance with this requirement. Text changes include:

Figure 3.2a. Existing forest cover at the end of the last monitoring period and start of the current monitoring period, December 2015.

Figure 3.2b. Existing forest cover at the end of current monitoring period, December 2018.

Further, Figure 3.2 has been changed to Figure 3.2b and Figure 3.2a has been provided and inserted into the monitoring report in response to this finding.

Auditor Response: The verification team reviewed the revised text of the revised document "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED" and confirmed that the figures (and text) have been revised as stated and that the project now complies with the referenced requirement. The finding is closed.

NIR 9 Dated 3 Jul 2019

Standard Reference: VCS Module VMD0014 REDD Methodological Module: Methods for Monitoring of GHG Emissions and Removals (M-MON) v2.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: Section 6.2 Data and Parameter Monitored for Verification requires a “Leakage Belt Forest Cover Monitoring Map”, described as a “map showing the location of forest land within the leakage belt area at the beginning of each monitoring period. Only applicable where leakage is to be monitored in a leakage belt.”

While the PD includes a map of the leakage areas (Figure 2.1), the MR does not contain a map showing the location of forest land within the leakage belt area at the beginning of the monitoring period. A map of the leakage belt area or a justification for why such a map is not included should be provided.

Project Personnel Response: No maps of the leakage belt areas are needed as there is no leakage belt for planned REDD projects. VM-007 planned REDD projects use BL-PL to define their baseline and therefore LK-ASP to quantify leakage. As noted above in the finding text “map showing the location of forest land within the leakage belt area at the beginning of each monitoring period. Only applicable where leakage is to be monitored in a leakage belt.” This text is not applicable as leakage is not monitored in a belt.

The confusion likely arose due to inconsistent use of terms within the monitoring report used to denote the leakage areas. All references to leakage belts, notably only within the CCB portions of the MR, will be changed to leakage area.

Auditor Response: The verification team agrees with the project team's response, and reviewed the revised text of the revised document "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED" and confirmed that the references to leakage belt were changed to leakage area. The finding is now closed.

NIR 10 Dated 3 Jul 2019

Standard Reference:

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The MR states “Activity-shifting leakage will be monitored by tracking areas of deforestation (AdefLK,i,t), across all lands outside of the Project Area owned or under management by the baseline agent, JR Agropecuária e Empreendimentos EIRELI, including properties listed in Table 3.4.”

The spatial data/GIS files related to the lands managed by the land owner and project proponent, “JR Agropecuaria e Empreendimentos Eireli”, including boundaries, are requested so that the verification team can provide an independent review of the leakage monitoring.

Project Personnel Response: A shapefile containing the 11 potential leakage areas has been provided in response to this finding. See “LeakageArea_2014.10.06.shp”

Auditor Response: The verification team conducted an analysis in ArcMap and Google Earth of the information provided by the client “LeakageArea_2014.10.06.shp” and confirmed the assertions made regarding no deforestation during the monitoring period of the the 11 potential activity shifting leakage areas identified by the project, shown in Table 3.4 of the MR. The finding is closed.

NIR 11 Dated 3 Jul 2019

Standard Reference: REDD Methodology Modules VM0007 (REDD-MF)

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The MR Section 5.1.3 states "The Project Proponents used the Avoided Deforestation Partners VCS REDD Methodology, entitled, "VM0007: REDD Methodology Modules (REDD-MF), v1.3."; however, in Section 2.1.9 of the MR, version 1.5 of VM0007 is listed to have been used.

Project Personnel Response: Section 5.1.3 of the MR has been revised to reflect the correct version on the VM0007, v1.5.

Auditor Response: The verification team reviewed the revised document "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED" and confirmed that the versions have been corrected as stated. The finding is closed.

NCR 12 Dated

Standard Reference: VCS Standard v 4.0; CCB & VCS Monitoring Report Template (CCB v. 3.0, VCS V. 3.4)

Document Reference:

Finding: This finding memorializes requests communicated to project personnel via email dated 22 November 2019.

The VCS Standard requires that "The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template."

The requirements of the CCB & VCS Monitoring Report Template have not been fully adhered to in the following respects:

1. On the cover page, a Report ID is required. Such a Report ID has not been provided.
2. Under "Date of Issue" on the cover page, the month of issue has not been spelled out, so there is a discrepancy in comparison to the following requested format: "DD-Month-YYYY".
3. The instructional text for Section 2.1.1 requires that the content be "no more than one page". Section 2.1.1 exceeds the page limit.
4. An outdated reference to the VCS rules was provided in Section 2.1.2, given that the VCS Version 4 update was issued in September 2019.
5. An outdated reference to T-BAR, the "Tool for AFOLU non-permanence risk analysis and buffer determination", was provided in Section 2.1.8.

Project Personnel Response:

Auditor Response: The project team addressed all issues in the revised MR version entitled "Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (12-2-19)". The finding is closed.

APPENDIX B: FINDINGS ISSUED UNDER CCB VERSION 3

Please see Section 2.6 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Project Personnel Response” is a verbatim transcription of responses provided to the findings by project personnel. It should be further noted that the validation process occurred concurrently with the initial verification and, as such, the below findings include documentation of issues relevant to both the validation and verification engagements.

NCR 1 Dated 29 May 2019

Standard Reference: Climate, Community and Biodiversity (CCB) Standard v. 3.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The CCB Standard Indicator G1.10 requires that the project: "Identify likely natural and human-induced risk to the expected climate, community and biodiversity benefits during the project lifetime and outline measures needed and taken to mitigate the risk", where human-induced risks are defined as "including risks in the shorter and longer term, risk related to continued community willingness to participate in the project, risks related to ability to adapt to climate change and climate variability, etc."

In the course of the site visit, the verification team spoke with members of the community as well as project staff and heard of regions within the project area that were possibly subject to active deforestation, including, 1) an area in the southeast portion said to be accessed by a small river channel, and, 2) an area in the northern portion said to be accessible by new road running from highway BR 364. Both areas appear on the maps to be deforested with sizable clearings and openings.

The MR documents the use of informal monitoring/forest patrols along the Jurupari River. Section 2.2.1, for instance, states, for the period of 2012-present: "With respect to initiating patrols of deforestation, the Project Proponents have reviewed the satellite imagery from 2012 to 2018. Mazinho and Francisco also began informal monitoring via boat with a focus on the Jurupari River." However, the MR does not appear to identify the types of risk referenced above relative to deforestation occurring within the project area but not along the Jurupari River, or outline measures needed and taken to mitigate such risks.

Project Personnel Response: The original plan was for Mazinho to visit both the ramal and the igarape in June 2019; however, Mazinho was injured in a motorcycle accident. Mazinho is now recovering and doing better. The revised plan is for Mazinho to visit both the ramal and the igarape the week of July 22, 2019. Mazinho will take pictures and videos of the areas deforested. In addition, Mazinho will inform those responsible for the deforestation that beyond their areas is a private property doing a conservation project and deforestation is not allowed. If Mazinho is able to identify the people responsible for deforesting, JR Agropecuária e Empreendimentos EIRELI will follow the proper legal process by contacting IBAMA. More specifically, a complaint would be filed with IBAMA, IBAMA would check by their means to see if the complaint is legitimate and if the complaint is valid, IBAMA would then try to visit the area, and IBAMA would levy fines if necessary. Alternatively, the landowner could also file a "Ownership Return" paperwork with the State Prosecutor and this would be a formal way to have people removed from the area by the police department. This process is comparable to an eviction notice. As of right now, there does not appear to be deforestation within the Project Area. This information will be added to the Monitoring Report.

Auditor Response: The audit team reviewed the text that has been added to Section 2.2.6 Risks to the Project of the revised Monitoring Report ("Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED") and agrees that the risks are properly identified and the measures "needed and taken" to mitigate the risks are appropriate and well-described, per the requirements of CCB Indicator G1.10. The finding is closed.

NCR 2 Dated 29 May 2019

Standard Reference: Climate, Community and Biodiversity (CCB) Standard v. 3.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The CCB Standard Indicator G3.4 requires that projects: "Describe how communities including all the community groups and other stakeholders have influenced project design and implementation through effective consultation, particularly with a view to optimizing community and other stakeholder benefits, respecting local customs, values and institutions and maintaining high conservation values. Projects proponents must document consultation and indicate if and how the project design and implementation has been revised based on such input. A plan must be developed and implemented to continue communication and consultation between the project proponents and communities, including all the community groups, and other stakeholder about the project and its impact to facilitate adaptive management throughout the life of the project."

The MR Section 2.3.8 described the plan for continued communication as follows; "The Project Proponents aim to collectively meet with the local communities at least once per year. This includes visits in December 2014, November 2015, January 2017, and May 2018. The local project manager Mazinho meets with the local communities several times a year. Furthermore, the Project Proponents also meet with Other Stakeholders, particularly in Rio Branco, approximately 1-3 times per year."

During the site visit, interviews were conducted with the majority of families living within the project area listed as community members; a common area of feedback was that most of what was understood about the project, as well as opportunities for consultation, came from the visit conducted in 2014 by Ayri Rando. The verification team was told that subsequent visits were smaller in scope, number of community members involved, and were held for varying purposes. While the verification team understands that the plan is for different members of the project team to visit at a frequency of at least once per year, the plan should also detail what type of communication and consultation will occur during planned visits.

Project Personnel Response: CarbonCo has added information to the monitoring report about the type of communication and consultation this is planned for the next visit in May 2020.

In sum, the communities would like another in-depth explanation about the Project and this will take place in May 2020. The Project Proponents may do this in-depth explanation themselves with the community. In addition, CarbonCo will explore the possibility of rehiring Ayri Rando (the independent community specialist that was hired back in 2014) to revisit the communities. CarbonCo emailed Ayri Rando on July 24, 2019 to see about this possibility. In addition, the Project Proponents will look into hiring someone from Rio Branco that knows a lot about community development and REDD+. This might include someone from IMAC, IMC, SOS Amazonia, and/or STR-Feijo.

Auditor Response: The audit team reviewed the text that has been added to Section 2.3.8 Continued Consultation and Adaptive Management of the revised Monitoring Report ("Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED") and agrees that the measures described and documented constitute an appropriate plan to continue communication and consultation between the project proponents and the communities regarding the project, per requirements of CCB Indicator G3.4.

NCR 3 Dated 29 May 2019

Standard Reference: Climate, Community and Biodiversity (CCB) Standard v. 3.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The CCB Standard Indicator G3.7 requires that the project: "Describe the measures needed and taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project." Indicator G3.11 states "Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe measures needed and taken to inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved."

While on the site visit, the audit team heard of no discriminatory act nor any acts related to sexual harassment related to the project, nor against any members living in the project area associated with the project. This finding related to information in the Monitoring Report. In particular, Section 2.3.11 of the project's MR discusses the project's policy towards anti-discrimination in general but lacks specificity regarding measures needed and taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project. In addition, Section 2.3.15 outlines applicable laws and regulations but does not reference a law regarding sexual harassment, called Lei No. 8.112, de 1990, which the verification team believes to be relevant.

Project Personnel Response: With respect to the assurance that Project Proponents have never acted with discrimination or acts of sexual harassment against members living in the Project Area, what can be explained is throughout all these years of project development, there have been no complaints in this regard. There were numerous visits made to the Project by the Project Proponents to meet with the community and these meetings always took place in a respectful and cordial manner, with no disrespect on both sides. The Brazilian law related to sexual harassment has been added to the Monitoring Report.

There is no formal employment relationship with the residents of the community that reside in the Project. With the exception of Cirlandio and Mazinho who work on a temporary basis and with intermittent contracts of service that are provided for in labor legislation. Whenever the Project Proponents require the services of Cirlandio and Mazinho, they are remunerated in proportion to the work performed as planned.

Auditor Response: The audit team reiterates that it heard of no discriminatory acts associated with the project while on the site visit or otherwise.

The audit team reviewed the text that has been added to Section 2.3.15 Relevant Laws and Regulations Related to Worker's Rights, and to Section 2.3.11 Anti-Discrimination Assurance of the revised Monitoring Report ("Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED") and agrees that the requested information has been added, per requirement of CCB Indicator G3.7. The finding is closed.

NCR 4 Dated 29 May 2019

Standard Reference: Climate, Community and Biodiversity (CCB) Standard v. 3.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The CCB Standard Indicator G3.8 relates to the project's Feedback and Grievance Redress Procedure (FGRP) and requires the project: "Demonstrate that a clear grievance redress procedure has been formalized to address disputes with communities and other stakeholders that may arise during project planning, implementation and evaluation with respect but not limited to, free, prior and informed consent, rights to lands, territories and resources, benefit sharing and participation"

Section 2.3.12 of the project MR details the project's FGRP, in which the State of Acre's Climate Change Institute plays an important role. However, given the information that the Institute was recently dissolved, the FGRP requires revision. In addition, while on the site visit, based on site visit observations and interviews, an improvement in the formalized process by which community members can raise issues with the Project is needed to comply with the referenced Indicator.

Project Personnel Response: The Climate Change Institute of Acre has been reinstated and will continue to serve as the ombudsman for the Envira Amazonia Project. The new information with the Climate Change Institute (i.e., website, new address, etc.) has been added to the Monitoring Report.

Auditor Response: The audit team reviewed the revised Section 2.3.12 regarding the Climate Change Institute's dissolution and subsequent reinstallment in the revised Monitoring Report ("Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (8-02-19) - TRACKED") and confirmed that the information provided is sufficient. With regard to community feedback mechanisms being formalized/improved, the audit team believes the information provided in NCR.2 regarding consultation in 2020 is sufficient to address the finding. The finding is closed.

OBS 5 Dated 29 May 2019

Standard Reference: Climate, Community and Biodiversity (CCB) Standard v. 3.1

Document Reference: Envira Amazonia Project's CCB VCS 2016-2018 Monitoring Report (3-22-19).pdf

Finding: The CCB Indicator G3.10 states as follows "Demonstrate that people from the communities are given an equal opportunity to fill all work positions (including management) if the job requirements are met. Explain how workers are selected for positions and where relevant, describe the measures needed and taken to ensure community members, including women and vulnerable and/or marginalized people, are given a fair chance to fill positions for which they can be trained."

It was brought to the attention of the verification team that several community members felt that the number of families chosen to work for the project was too narrow. It was expressed that, of the small number of people chosen to be employed in short term positions by the project, many were members of the same family (e.g. husband-wife, father-son), such that a smaller number of potential families benefit economically than was possible.

Project Personnel Response: The Project Proponents have hired two main, temporary employees Mazinho and Circlandio who are from different families. Going forward, the Project Proponents will strive to diversify those hired to assist with project activities such as with the bird monitoring study scheduled for May 2020.

Bearing on Material Misstatement or Conformance (M/C/NA): NA