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Initial Certification
Report for:

WITHONESEED TIMOR LESTE COMMUNITY FORESTRY PROGRAM PROJECT
in
Baguia, Timor Leste

Report Finalized:	30 March 2016
Audit Dates:	01 – 05 February 2016
Lead Auditor:	Lawson Henderson
Audit Team Member(s):	Florentino De Oliveira
Audit Standard:	*GS Version 0.9 (Road Test)*
Validation Code(s):	RA- VAL-GS-021621
Project Latitude/Longitude:	Lat: 8.628775 Lon: 126.657517
Project Proponent Contact:	Andrew Mahar, Co-founder andrew@withoneseed.org.au
Project Proponent Address:	Xpand Foundation 32 Tamar Grove, Oakleigh Victoria, Australia

Carbon Forestry Project Audit
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1 Introduction

1.1 Objective

The purpose of this report is to document the conformance of the WithOneSeed Timor Leste Community Forestry Program Project with the requirements of the GS V0.9 AR Requirements. The project was developed by Xpand Foundation, hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standard(s).

1.2 Scope and Criteria

Scope: The scope of the audit is to assess the conformance of Xpand Foundation’s Reforestation project in Baguia, Timor Leste against the GS V0.9 AR Requirements. The objectives of this audit included an assessment of the project’s conformance with the standard criteria. The project covers an area of 4,996 ha. The current eligible planting area of the project is 29.2 ha which has been planted and will be evaluated in future monitoring certifications. The land is privately owned. The project has a lifetime of 30 years, and has calculated a GHG reduction and/or removal of 576,447 tCO2e over the course of the project lifetime. Of this total, 4,685 tCO2e has been calculated as *ex ante* validated CO2Certificates representing expected future sequestration of areas that were planted at the Initial Certification field audit. The developer holds the responsibility of allocating 20% of the validated and verified credits to the Gold Standard buffer, which can be allocated from this project or purchased from pre-existing projects. This requirement is verified by the Gold Standard Foundation and is outside the scope of this audit.

Standard criteria: Criteria from the following documents were used to assess this project:

- GS V0.9 AR Requirements and associated guidance

Materiality: All GHG sinks, sources and/or reservoirs (SSRs) and GHG emissions equal to or greater than 5% of the total GHG assertion.

1.3 Project Description

WithOneSeed is developing a community based reforestation project on non-forest cropland and grasslands in Baguia, Bacau District, Timor Leste. The traditional practice of slash and burn agriculture has shaped the present day landscapes of Timor Leste with the current landscape in Baguia consisting of remnant forests alongside major agricultural and rice production areas. Low productivity of upland agriculture means that the majority of the population supplements their incomes through exploitation of forest resources. Current practices are unsustainable and severe degradation is occurring due to farming, grazing and burning. WithOneSeed is working with subsistence farmers to integrate planting of native trees such as *Eucalyptus alba* (Timor White Gum), *Eucalyptus urophylla* (Timor Mountain Gum), *Casuarina equisetifolia* (she oak), as well as *Swietenia macrophylla* (mahogany) and *Tectona grandis* (teak) within their agricultural production systems. Ten village communities (sucos) are involved in the project: Baguia, Afaloicai, Alaua Craic, Alau Leten, Haeconi, Ossu Huna, LariSula, Samalari, Defa Uassi, and Lavateri. It is expected that the project will continue for the maximum crediting period; the program’s planting activities began in 2010 and expect to conclude in 2040. The program activities include community and local government consultations to gauge support for the program concept during 2009, while the first plantings of the program started on 18 January 2010. The project will deliver a range of social benefits, in particular direct payment for individual landholders in return for planting and maintaining trees.

1.4 Level of assurance

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

2 Audit Overview

<table>
<tr><td colspan="3">Based on Project's conformance with audit criteria, the auditor makes the following recommendation:</td></tr>
<tr><td colspan="3">Final Report Conclusions</td></tr>
<tr><td>☒</td><td colspan="2">Initial Certification approved:
NCR(s) closed</td></tr>
<tr><td>☐</td><td colspan="2">Initial Certification not approved:
Conformance with NCR(s) required</td></tr>
<tr><td colspan="3">Draft Final Report Conclusions</td></tr>
<tr><td>☒</td><td>Initial Certification approved:
NCR(s) closed</td><td rowspan="2">The Project Proponent has 7 days from the date of this report to submit any comments related to the factual accuracy of the report or the correctness of decisions reached. The auditors will not review any new material submitted at this time.</td></tr>
<tr><td>☐</td><td>Initial Certification not approved:
Conformance with NCR(s) required</td></tr>
<tr><td colspan="3">Draft Report Conclusions</td></tr>
<tr><td>☐</td><td>Initial Certification approved:
No NCRs issued</td><td rowspan="2">The Project Proponent has 30 days from the date of this report to revise documentation and provide any additional evidence necessary to close the open Corrective Action Requests (CARs). If new material is submitted the auditor will review the material and add updated findings to this report and close CARs appropriately. If no new material is received before the 30-day deadline, or the new material was insufficient to close all open CARs the report will be finalised with the CARs open, and validation and/or verification will not be achieved. If all CARs are successfully addressed, the report will be finalised and proceed towards issuance of a assessment statement.</td></tr>
<tr><td>☒</td><td>Initial Certification not approved:
Conformance with NCR(s) required</td></tr>
</table>

2.1 Audit Conclusions

The developer has demonstrated conformance to a reasonable degree of assurance with the GS A/R requirements sufficient for successful Initial Certification. Seven CARs were identified and the developer submitted sufficient evidence to close all CARs. One FAR remain open and shall be closed prior to the performance certification audit, at which point they will be re-evaluated. This Initial Certification has confirmed the following carbon sequestration:

Validated CO2 Certificates tCO2e (2010 – 2015)	***ex ante* long-term CO2 sequestration tCO2e (2010 – 2039)**
4,685	576,447

The developer holds the responsibility of allocating 20% of the validated and verified credits to the Gold Standard buffer, which can be allocated from this project or purchased from pre-existing projects. This requirement is verified by the Gold Standard Foundation and is outside the scope of this audit.

2.2 Nonconformance evaluation

The Gold Standard A/R Requirements describe actual and potential non-conformances to the standard requirements as either Corrective Action Requests (CARs), Forward Action Requests (FARs), Non-Compliances (NCs), and Observations (OBSs).

CARs are used to identify areas where conformance with a standard requirement has not been demonstrated and the developer shall take corrective actions to demonstrate conformance.
FARs are used to identify issues which are not material in the current certification, are non-systematic, and are correctable within 5 years. FARs shall be corrected by the next certification.
OBSs are warnings and do not need to be formally corrected. They are non-material errors.
NCs are definite non-conformances where the developer has been unable to demonstrate corrective actions to close a CAR in the current certification, or where the developer is unable to close a FAR in a future certification audit.

CARs and NCs identified in the Draft Report must be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program.

<table>
<tr><td>CAR#:</td><td>01/16</td></tr>
<tr><td>Standard & Requirement:</td><td>GS A/R v0.9; 2.1 – Key Project Information, Elements 1.b, 1.h,</td></tr>
<tr><td>Report Section:</td><td>Section 2.1</td></tr>
<tr><td colspan="2">Description of Non-conformance and Related Evidence:</td></tr>
<tr><td colspan="2">Discussions with Project staff confirmed the roles of each project participant identified in element b) of the Key Project Information Template. However, the in-Country program for the WithOneSeed project, Ho Musan Ida, is not included as a project participant.

Element h) of the Key Project Information template states that the project activities began in 2009 and are expected to continue through 2059. However, discussions with project staff confirmed that the planting activities began in 2010, and that the project has a 30-year lifetime – though 2040. Further, no specific start date of the planting activities has been identified.

The number of CO2 certificates for the planting period of 2010 – 2015 is cited to be 4,698 tCO2e. The number of CO2 certificates over the project lifetime is cited to be 513,072 tCO2e. However, the dates of the project lifetime identified in element i) of the Key Project Information template (2010 – 2039) are not correct based on discussions with project staff. This projected carbon sequestration level isn't to be considered as the projects validated CO2 certificates, and rather is only considered projected GHG emission reductions over the project life.</td></tr>
<tr><td>Corrective Action Request:</td><td>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</td></tr>
<tr><td>Timeline for Conformance:</td><td>Prior to initial certification</td></tr>
<tr><td>Evidence Provided by Organization:</td><td>Documents 1a, 6a & 9a</td></tr>
<tr><td>Findings for Evaluation of Evidence:</td><td>In response to this CAR, the auditors were provided with an updated copy of the Project's Key Project Information documentation, as well as an updated copy of the carbon quantification worksheets. Review of the updated Key Project Information documentation confirmed that the in-country program for the WithOneSeed project, Ho Musan Ida is now identified under element b) as appropriate. The information provided in element h) of the Key Project Information now clearly describes how the WithOneSeed program activities, including community and local government consultations to gauge support for the program's concept began in 2009. The first plantings under the program however took place on 18 January 20110, and the project activities are expected to continue through 2040. The relevant timelines are now more clearly described, and the dates are aligned with the project's 30-year lifetime.

Element i) of the updated Key Project Information template clearly indicates the number of predicted (e.g. validated) CO2 Certificates from the 2010 – 2015 plantings represent 4,698 t CO2e. A total of 513,072 tCO2 is expected to be generated from the project activities over the course of the 30-year project life (2010 – 2040), while it is acknowledged that this number of CO2 Certificates and associated GHG emission reductions is based on current planting plans for the remainder (2015 – 2040), and does not currently represent validated CO2 Certificates. This information was confirmed to accurately reflect the project's carbon quantifications as detailed in document 6a.</td></tr>
</table>

	Conformance has been demonstrated and this CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	02/16
Standard & Requirement:	GS A/R v0.9; 3.1 – Do-No-Harm Assessment, Working Conditions, Elements 6 & 7
Report Section:	Section 3, Working Conditions
Description of Non-conformance and Related Evidence:	
In the Project's Do-No-Harm Assessment, Element 6, under Working Conditions is identified as not relevant by the project. The local Ho Musan Ida team are considered employees of the WithOneSeed project, so this requirement does appear relevant. The local Ho Musan Ida team is also not addressed in element 7 under the Working Conditions requirements, and this section is incorrectly identified as not relevant. The local Ho Musan Ida staff have not been addressed under these elements of the Do-No-Harm Assessment.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Document 2a & 9a
Findings for Evaluation of Evidence:	Elements 6 & 7 under the Working Conditions category in the updated Do-No-Harm assessment provided are now correctly identified as relevant and take into consideration the in-country project team, Ho Musan Ida. Under element 6, the project asserts that WithOneSeed supports Ho Musan Ida staff through the 8 ILO conventions including their right to establish or join a labor organization. This is consistent with interviews held with project staff, and auditor findings related to the project's satisfaction of the ILO conventions as required by GS. The information provided under element 7 recognizes the Ho Musan Ida staff as being critical to the WithOneSeed program, and that staff satisfaction with working conditions is a priority for management. The information provided in this section is consistent with the auditor's original findings, in that staff feel open to raise any concerns during the weekly staff meetings that are held, and any such concerns are discussed until a resolution is reached. Satisfaction with working conditions was further confirmed during interviews with Ho Musan Ida staff throughout the field audit. Conformance has been demonstrated, and this CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	03/16
Standard & Requirement:	GS A/R v0.9; 3.2 – Local Stakeholder Consultation Element 3
Report Section:	Section 3.2
Description of Non-conformance and Related Evidence:	

The LSC meetings were considered open to the public, and a record of specific individuals and organizations formally invited is included in the project's LSC documentation. The auditors were not able to locate a Designated National Authority (DNA) for Timor Leste on the UNFCCC website. It is not clear if the project notified the National Focal Point for Timor Leste from the UNFCCC, but such an individual does appear to exist based on internet searches of the Green Climate Fund.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Documents 5a & 9a
Findings for Evaluation of Evidence:	In the updated copy of the project's LSC that was produced in response to this CAR, the project asserts that the WithOneSeed program was aware of the GS requirement to notify the Designated National Authority (DNA) and the National Focal Point (NFP) as part of the LSC process but that attempts to notify these individuals were not successful. The project cites how personal visits were made to numerous government offices in Dili in an attempt to find out was currently filling the DFP, but all efforts made in this regard turned up no results. Email attempts were made to individual email addresses gathered during these efforts, but no responses were received. While the Green Climate Fund website indicates that a NFP is in place, after diligent efforts were made, it was their determination that this position was yet to be filled. This is said to be a reoccurring challenge in Timor Leste, in that agreements for government officials to participate in international programs are made, but that it takes time for individuals to facilitate such roles on the ground. In summary, based on the updated LSC, and subsequent interviews with the WithOneSeed project manager, it was determined that reasonable efforts were made to contact the DNA & NFP as required by GS, but that the due diligence applied by the project to notify these roles of the project were not successful. This CAR is considered closed. However, an OBS has been raised, indicating the recommendation to periodically continue to identify and make contact with the DNA & NFP in Timor Leste regarding the project and other opportunities the project owner has interest in. See OBS 05/16.
CAR Status:	CLOSED
Comments (optional):	OBS 05/16

CAR#:	04/16
Standard & Requirement:	GS A/R v0.9; 3.2 – Local Stakeholder Consultation, Sustainable Development Assessment, Element 12
Report Section:	Section 3.2, Sustainable Development Assessment, Element 12
Description of Non-conformance and Related Evidence:	

The project has completed the Sustainable Development Assessment utilizing the GS template as required. However, for the Technology Transfer and Technological Self-Reliance indicator the project simply states that it is not applicable since there is no technology transfer involved in the project, and a score of 0 has been assigned. The auditors however consider this indicator to be relevant, and basic technologies related to nursery establishment and maintenance, tree growing techniques, tree monitoring techniques are involved in the project.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Documents 5a & 9a
Findings for Evaluation of Evidence:	In response to this CAR, the project has updated the Sustainable Development Assessment piece of the LSC documentation to address indicator 12 – Technology Transfer and Technological Self-Reliance, and a score of (+1) has been assigned. With regards to this indicator, the project describes how it will introduce appropriate technology defined by: people participation, low cost, using local resources, in context with local culture/history and; labor intensive. Such aspects are to be taken into consideration during implementation of various project activities including; construction and maintenance of nurseries, monitoring and management of project trees. As demonstrated over the course of the field audit, the project clearly recognizes the importance of the technological resilience of the people in Baguia, and the project's training and capacity building efforts will help to ensure they have the appropriate technologies in place to successfully implement the project, and the enhance well-being of communities. The auditors accept the score assigned, and no mitigation measure is required. Conformance has been demonstrated and this CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	05/16
Standard & Requirement:	GS A/R v0.9; 3.4 – Sustainability Monitoring Plan
Report Section:	Section 3.4, Sustainability Monitoring Plan
Description of Non-conformance and Related Evidence:	
Annual monitoring of these training activities is said to be facilitated through self-evaluation forms that are to be completed by each participant in the training/skills development program. Data from the self-evaluations will be used to understand the impact of training on individual participants and the communities as a whole to help improve future training and development programs. The WithOneSeed project manager will responsible for maintaining the training record documentation. Documented evidence from such training and skills development programs were not however provided for auditor review.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Documents 7a & 9a
Findings for Evaluation of Evidence:	Following submission of the draft WithOneSeed Initial Certification audit report, the auditors were provided with examples of scanned copies of self-evaluation forms that had been completed for individuals participating in the training/skills development program implemented by the project. Review of these sample self-evaluation forms addressed the CAR, and supports the project's use of these forms to help improve future training and development programs under the WithOneSeed project. Conformance has been demonstrated and this CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	06/16
Standard & Requirement:	GS A/R v0.9; 3.6 – Risk Register, Animals, Exploitation of Underground Resources
Report Section:	3.6 – Risk Register, Animals, Exploitation of Underground Resources
Description of Non-conformance and Related Evidence:	
While the project has addressed risk from animals to seedlings in the nursery, it has not addressed potential risk from grazing animals to the planted trees on participating farmer properties. The risk of damage from grazing animals to project trees was cited as a potential risk from several farmers during interviews in the field. Exploitation of mineral and water resources are addressed in the project's risk registry as follows. Baguia is said to have significant manganese deposits, but asserts that there is low risk that the planting areas will be disturbed by exploitation of this resource. Mining of metallic metals such as gold and silver is also considered high risk in Timor Leste. The project doesn't however fully justify the exploitation of mineral resources as low risk, and doesn't address ownership of subsurface minerals on the project area.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Documents 3a & 9a
Findings for Evaluation of Evidence:	The project's Risk Register documentation was updated in response to this CAR and the risk related to animals as well as exploitation of mineral and water resources is now fully addressed. In addition to assessing risk related to animal (pest) damage to seedlings at the nurseries, the project documentation now also addresses risk caused by animals once the seedlings have been planted on participating farmer properties. It is essentially up to individual farmers to manage and ensure the survival of seedlings once they are planted on their lands. A medium (0) risk score has been assigned necessitating mitigation measures to be in place. Acknowledging risk to seedlings from grazing animals, the program sees local leadership as a key mitigation method, and relies on educating, and building awareness to members of the community. Through

	discussions with farmers and community leaders at community meetings, farmers are made aware of the importance to take responsibility for their grazing animals and keep them tethered or restricted to their own lands. Building an awareness on personal responsibility is considered a reasonable mitigation measure, and damage to trees from grazing animals was not observed to be a major issue over the course of the audit. With regards to exploitation of mineral and water resources in the project area, the project has revised the information included under this risk type in the Risk Register documentation. Here the project assets that there is no specific evidence of mineral presence or mining activities within the project area in Baguia. The auditors concur, no such mining activity was observed in the field or identified over the course of the audit. While the references cited by the project shows the potential for development of mineral resources in Timor Leste, such development in Baguia is not seen as likely in the short to long term future given the remote location and difficult access. No evidence as provided by the project or found through independent research by the auditors found that there is a high likelihood for mineral extraction in the project area. The score of low (-) remains and is accepted by the auditors. Conformance has been demonstrated and this CAR is considered closed
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	07/16
Standard & Requirement:	GS A/R v0.9; 5.3 – Carbon Pools
Report Section:	Section 5.3 – Carbon Pools
Description of Non-conformance and Related Evidence:	
The project has correctly considered the tree biomass (aboveground and belowground) and non-tree biomass (aboveground and belowground) carbon pools as required by the GS. Review of the project's carbon quantification worksheets and interviews with the technical consultant responsible for the calculations revealed that carbon sequestration in soils was also taken into consideration when the standard indicates that this carbon pool is not to be assessed.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to initial certification
Evidence Provided by Organization:	Document 6a, 9a, 34, 37, 38
Findings for Evaluation of Evidence:	In response to this CAR, the project indicated that it was their understanding that the inclusion of the soil carbon pool was a new addition to the carbon accounting in GS AR projects, and acknowledges that the current AR Requirements do not reflect the inclusion of the soil carbon pool. References to the clarification requests page of the GS website were providing which were confirmed to indicate that the soil carbon pool is now considered an "optional" pool with AR projects, and that approval by GS needs to be given in order to confirm the additional sequestration related to the soil carbon pool. This was confirmed with GS in subsequent email communications. The project had submitted the GS Soil Carbon Tool available on the GS website, that is to be used for

	the quantification of soil carbon per the associated GS guidance, and auditor review confirmed it had been correctly filled out. The corresponding value was also confirmed to be applied in the project's overall carbon quantifications and estimation of CO2 certificates. Further, the inclusion of soil carbon and use of the GS Soil Carbon Tool was reviewed by GS during the PFA, so GS approval for the inclusion of the soil carbon pool in this project appears to be in place. In consideration of this, the auditors found that the project has followed the appropriate GS guidance related to inclusion of the optional soil carbon pool and this CAR is therefore considered closed.
CAR Status:	CLOSED
Comments (optional):	None

2.3 Forward Action Requests (FARs)

26. **Forward Action Request (FAR)** | With a FAR, the auditor or The Gold Standard Secretariat requests appropriate action be taken to become fully compliant with a requirement.

    A FAR will be issued where the impact of the infraction is:
    (a) not material within the current certification, AND
    (b) unusual or non-systematic, AND
    (c) correctable in a specific timeframe less than 5 years.

    FARs can be closed by The Gold Standard Secretariat or an auditor.

FAR#:	01/16
Standard & Requirement:	Gold Standard A/R Requirements V0.9, 2.1 – Key Project Information, Element 2.g
Report Section:	Section 2.1 (2)
Description of Forward Action Request and Related Evidence:	
Shapefiles covering elements a) – f), and h) & i) were provided and reviewed by the auditors. However, Shapefiles covering element g) were not available. In discussions with project staff, sites with special significance for indigenous people and local communities were limited to traditional houses built on lands owned by local community members. It was confirmed through interviews with project staff and other stakeholders as well as on-site interviews that the planting activities would not have any impact to these sites of special significance. However, shapefiles for these special sites are still required, but since the planting activities were confirmed to have no impact on these sites, this finding is being raised as a Forward Action Request.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to performance certification
Evidence Provided by Organization:	Documents 9a, 12a, 13a
Findings for Evaluation of Evidence:	In response to this FAR, the project subsequently collected GPS locations of all sites of special significance as required by GS. Locations of these sites were reviewed by the auditors with digital mapping programs and they were confirmed to be within the project area and in the vicinity of the project's participating farmer properties. This FAR is

	therefore considered closed.
FAR Status:	CLOSED
Comments (optional):	None

FAR#:	02/16
Standard & Requirement:	Gold Standard A/R Requirements V0.9, 3.1 – Do-No-Harm Assessment, Occupational Health & Safety, Element 15.b
Report Section:	Section 2.1 (2)
Description of Forward Action Request and Related Evidence:	
While the health and safety policy provides general information regarding the need for staff to perform their duties in a safe manner, report accidents, follow safe work procedures and use protective equipment, the policy doesn't explicitly address provisions for safe worker transportation. The issue with regard to element b) is being raised as a Forward Action Request (FAR) as the auditors found that the health and safety policy in place meets the minimum expectations of the standard, and that project operations from 2010 – 2015 have been carried out in a safe manner.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to performance certification
Evidence Provided by Organization:	Documents 9a, 14a
Findings for Evaluation of Evidence:	The auditors were provided with an updated version of the Ho Musan Ida Occupational Health and Safety Policy that was revised in response to this FAR. The policy now specifically addresses transportation safety, and outlines the expectation for Ho Musan Ida staff to be responsible for the safe and responsible use of Ho Musan Ida motor vehicles to ensure that all staff and other community members are not exposed to undue risk. The updated version of the Ho Musan Ida Occupational Health and Safety policy addressed the concern that resulted in this FAR, and this FAR is now considered closed.
FAR Status:	CLOSED
Comments (optional):	None

FAR#:	03/16
Standard & Requirement:	Gold Standard A/R Requirements V0.9, 3.2 – Local Stakeholder Consultation Element 6
Report Section:	Section 3.2, 6
Description of Forward Action Request and Related Evidence:	
It is not clear if a formal documented Input and Grievance mechanism is in place, or what means will be used to track a List of Inputs and Grievances received as part of the annual reporting process required by GS. This is not considered to represent a conformance issue at this time, and it rather being raised as a forward action request (FAR).	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for	Prior to performance certification

Conformance:	
Evidence Provided by Organization:	Document 5a
Findings for Evaluation of Evidence:	In response to this FAR, the project has stated that the Grievance procedure that was agreed upon during the Local Stakeholder Consultation process remains in place; which is a book located at the Sub District Administration Office. Here a recording book is located and is where community members can write issues that concern them and the responsible person will follow-up. Ho Musan Ida staff are said to review the book weekly and report any issues documented in the book back to the team for discussion and any necessary follow-up. Contact details for the Ho Musan Ida manager as well as the Baguia Farmer Cooperative President are also included in the book for any urgent matters. This Grievance mechanism as described in consistent with the mechanism described to the auditors in the field, and which interviewed community members demonstrated an awareness of. The Grievance mechanism described was also cross checked with the project's LSC documentation, and this identical process is also documented here. Considering both the formal Grievance mechanism described in the LSC documentation, supporting evidence of the recording book to track reported grievances, along with the community awareness of this mechanism as demonstrated in the field, conformance has been demonstrated and this FAR is considered closed.
FAR Status:	CLOSED

FAR#:	04/16
Standard & Requirement:	Gold Standard A/R Requirements V0.9, 3.4 – Sustainability Monitoring Plan
Report Section:	Section 3.4 – Sustainability Monitoring Plan
Description of Forward Action Request and Related Evidence:	
Annual monitoring of the payments made to individual farmers based on the project tree stocks on their lands is recorded and allows the WithOneSeed program to analysis project incomes received across the 10 participating villages and to the community as a whole across the sub district of Baguia. The WithOneSeed project manager is responsible for farmer payment, and the associated records are maintained at the Ho Masum Ida office. The auditor reviewed various records in the field, including records regarding the number of seedlings distributed to individual farmers from the project's nurseries, number of planted/maintained trees marked recorded by GPS on individual farmer lands, and records of annual payments made by WithOneSeed to participating farmers. The record of payment documents are intended to be signed by the head of Ho Musan Ida on behalf of the project, the individual farmers, and the local Sub District Administrator. While stakeholder interviews did not reveal any concerns from farmers regarding a lack of payment, the Sub District Administrator had not signed the record of payment documents for the most recent payments (e.g. 2015 annual payments). The Sub District Administrator verbally told the auditors he is committed to signing these documents, but has not had the time to sign given his various and wide spreading responsibilities.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to performance certification
Evidence Provided by Organization:	Documents 5a & 10a
Findings for Evaluation of Evidence:	In response to this draft Initial Certification audit report, the project submitted evidence in regards to this FAR. As was explained to the auditors on the field audit during the meeting with the Baguia Sub-District Administrator, their signature on the most recent

	payment records (e.g. 2015) had not been completed as they simply had not had the time to do this. The project asserts that signing of the farmer payment records by the Sub DA has now been completed, and photographic evidence showing farmer payment records had now indeed been signed by the Sub DA were provided. This evidence is considered sufficient to address this particular issue and the FAR is considered closed.
FAR Status:	CLOSED

FAR#:	05/16
Standard & Requirement:	Gold Standard A/R Requirements V0.9, 3.5 Legal Rights and Representation
Report Section:	Section 3.5 – Secured Titles
Description of Forward Action Request and Related Evidence:	
The project asserts that Xpand Foundation is the entity that owns the carbon sequestration rights. While the tree planting takes place on individual farmer's privately held lands, land and resource tenure in Timor Leste is still being formalized after the Indonesian occupation during which relevant land tenure documentation was destroyed. Xpand Foundation's legal advisor in Timor Leste is said to have confirmed that the carbon sequestration rights in Timor Leste do not belong to the government, and rather reside with private landowners, including the participating farmers. Xpand Foundation is in the process of executing a Memorandum of Understanding (MOU) with the Timor Leste Ministry of Agriculture in order to further demonstrate the ownership of carbon sequestration resides with the participating farmers. It was expected that this MOU would be signed during a meeting held with the Ministry of Agriculture in which the auditors attended, but due to a government process formality, the has not been signed as of yet. Verbal commitment from the Ministry of Agriculture to sign the MOU was given to the auditors during this meeting.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to performance certification
Evidence Provided by Organization:	Document 5a
Findings for Evaluation of Evidence:	In the project's submission to the draft version of this Initial Certification audit report, specifically this FAR, it indicates that the MOU is before the Government of Timor Leste's Council of Ministers, and the project anticipates an agreement to sign this document will be made in the coming weeks.
FAR Status:	OPEN

2.4 Observations

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed. Unlike NCRs, observations are not formally closed. Findings from the field audit related to observations are discussed in Appendix A below.

OBS	01/16	Reference Standard & Requirement:	Gold Standard V0.9
Description of findings leading to observation:	The project indicates that it will ensure local residents are made aware of where water bodies are located and that participating farmers understand that trees planted within riparian buffer zones are not to be cut down for timber. During some interviews, it became evident that there was some misunderstanding on the part of some participating farmers on the restriction from harvesting project trees over the life of the project. This was promptly addressed by project staff after the interviews, but continued re-enforcement of this requirement may be necessary.		

Observation:	The project should continue to engage and reinforce with existing participating farmers and new farmers that join the project the restriction of cutting down project trees over the 30-year life.

OBS	02/16	Reference Standard & Requirement:	Gold Standard V0.9, 3.6 Risk Register
Description of findings leading to observation:	The utility vehicle owned by the project was observed to currently be under a state of disrepair, and it was clear that project staff felt it was important to be able to begin using the vehicle again as quickly as possible. Replacement parts were confirmed to be on order.		
Observation:	The project should make all efforts to ensure the utility vehicle is available for use and in good working condition as soon as possible.		

OBS	03/16	Reference Standard & Requirement:	Gold Standard V0.9, 5.4 Other Emissions
Description of findings leading to observation:	The project states that there is no current use of nitrogen based fertilizer which was confirmed by the auditors in the field. The project does acknowledge that there is the possibility that compost could be used as a fertilizer in the future, but that this will need to be taken into consideration annually and there is currently no usage of composting on the projects planted trees. This was also supported throughout the field audit. The project will however need to account for emissions associated with fertilizer use in the future if it is indeed applied.		
Observation:	The project should ensure if fertilizer is applied as part of the project activities in the future, other emissions associated with fertilizer use are taken into consideration as required by the GS.		

OBS	04/16	Reference Standard & Requirement:	Gold Standard V0.9, 5.4 Other Emissions
Description of findings leading to observation:	This emissions source is missing from the Other Emissions documentation. Further, during interviews with the projects technical consultant responsible for carbon quantifications, and review of the main carbon quantification worksheets, it became clear that the project did in fact take efforts to determine the amount of emissions associated with the combustion of fossil fuel used by the project – based on fuel purchase records.		
Observation:	While this amount is small, considered materially insignificant, and may be neglected based on the GS requirements, the emissions from fossil fuels have in fact been calculated and therefore the project should consider including this emission source in the project's overall calculation of CO2 certificates.		

OBS	05/16	Reference Standard & Requirement:	GS A/R v0.9; 3.2 – Local Stakeholder Consultation Element 3
Description of findings leading to observation:	Based on the updated LSC, and subsequent interviews with the WithOneSeed project manager, it was determined that reasonable efforts were made to contact the DNA & NFP as required by GS, but that the sue diligence applied by the project to notify these roles of the project were not successful. CAR 03/16 has been closed.		
Observation:	However, the project should consider periodic attempts to identify and make contact with the DNA & NFP in Timor Leste regarding the project and other opportunities of interest within the country.		

2.4 Actions taken by the Project Proponent address NCRs (including any resolution of material discrepancy)

On 4 March 2016 the auditors held a call with the Project Manager to discuss the draft report findings, including the CARs & FARs, and the auditors were provided with a general explanation of how they intended to address the issues identified. On 11 March, 2016 the auditors received updated copies of the project documentation and additional supporting evidence to address the CARs & FARs. The auditors reviewed the materials provided, and updated the audit report accordingly. Based on the updated project documentation and additional supporting evidence, all of the CARs were found to be fully addressed and were closed out. Four of the FARs were also addressed by the project and closed out, while one FAR was not fully addressed and remains open, and will be evaluated during the project's first Performance Certification audit.

Action Taken by Project Proponent following the issuance of the Draft Report		Date
Additional documents submitted to audit team (additional documents listed below)	☒ Yes ☐ No ☐ N/A	10 March 2016
Additional stakeholder consultation conducted (evidence described below)	☐ Yes ☒ No ☐ N/A	
Additional clarification provided	☒ Yes ☐ No ☐ N/A	10 March 2016
Documents revised (document revision description noted below)	☒ Yes ☐ No ☐ N/A	10 March 2016 30 March 2016
GHG calculation revised (evidence described below)	☒ Yes ☐ No ☐ N/A	10 March 2016

Included in the actions taken by the Project Proponent to address NCRs was the submission of the following revised files:

Ref	Electronic Filename
1a	2.1 – Template – Key Project Information_09MAR.docx
2a	3.1 – Template – Do-No-Harm Assessment_09MAR.docx
3a	3.6 – Template – Risk Register_09MAR.docx
4a	Community land declaration.jpg
5a	GS_LSC_TEMPLATE_Final English_09MAR.docx
6a	GS4210 Baseline CS and CO2 Fixation models_09MAR.docx
7a	MTG evaluation.pdf
8a	Signed farmer payment form.pdf
9a	WithOneSeed GS initial cert_09MAR.docx
10a	20160303.jpg (5 files): Photos of Landowner Payment Forms signed by Baguia Sub-DA
11a	20160304.jpg (8 files) Grievance Tracking Record Notebook Photos
12a	Sacred Sites Coords.zip (12 files)
13a	WithoneSeed Baguia Sacred Sites.zip (12 files)
14a	Occupational Health and Safety – HMI.docx
15a	2.1 – Template – Key Project Information_30MAR.docx

3 Audit Methodology

3.1 Audit Team

Overview of roles and responsibilities:

Auditor(s)	Responsibilities							
	Lead	Desk Review	On-site visit	Climate Specialist	Biodiversity Specialist	Social Specialist	Report	Technical Review
Lawson Henderson	☒	☒	☒	☒	☒	☐	☒	☐
Florentino De Oliveira	☐	☐	☐	☐	☐	☐	☐	☐
Klaus Geiger	☐	☐	☐	☐	☐	☐	☐	☒

Auditor qualifications:

Auditor(s)	Qualifications
Lawson Henderson Carbon Coordinator RA-Cert Carbon Services Unit Lead Auditor	Carbon Coordinator with Rainforest Alliance (2012 – current). Education: B.S.F. in forest management from University of New Hampshire, 2005. Experience, Forest Management Associate with Rainforest Alliance, US Region (2008 to 2012). Chain of Custody Associate with Rainforest Alliance, US Region (2007-2008). Forest Land Surveyor for a private forest/civil engineering firm in Western Oregon for two years. Auditor on more than 20 FSC forest management and chain of custody audits and assessments. Lead auditor or auditor on 20 forest carbon projects, including 4 ARR projects. Performed VCS audits of ARR, IFM, & REDD forest carbon projects. Project manager on over 250 FSC forest management and chain-of-custody projects. Completed Rainforest Alliance CoC Auditor Training in April 2008, Rainforest Alliance Carbon Verification and Validation Audit Training in March 2009, and Rainforest Alliance Lead Forest Management Auditor Training in June 2009. Successfully completed the Climate Action Reserve Lead Verifier Training for the Forest Project, and Urban Forest Project Protocol in September 2010, CAR Lead Verifier credentials renewed in June 2014. Successfully completed the ISO Quality Management Systems Lead Auditor Training Course (ISO 9001) in December 2010. ARB Lead Verifier credentials obtained in October 2012. Approved as a VCS AFOLU IFM Expert in November 2015. Member of the Society of American Foresters and the Forest Guild.
Local Content Expert & Translator/Interpreter Florentino De Oliveira, Local Expert/Translation Contractor, Rainforest Alliance	Florentino has been contracted by Rainforest Alliance to serve as the local content expert & translator/interpreter on the audit team. He has worked with INGO (Oxfam Australia) since 2012 – Current. Education: graduated from Dili University on Department International Relations. His experience includes, knowledge on Livelihood, Disaster Risk Reduction (DRR), Climate Change Adaptation (CCA), and Horticulture programs. Florentino attend two days training on Audit / Audit process and procedures, facilitated by a registered Company in Timor Leste. He has been involved on three Audit teams conducting audits for partners / National NGO's receiving grants to run their projects. Florentino is fluent in Indonesian, Tetum, English and Portuguese. He is from Baguia, Timor Leste and can also speak the local Baguia dialects. He is familiar with the communities in which the WithOneSeed project is located, and will therefore assist the audit team in understanding the local social and environmental context of the project.
Technical Reviewer Klaus Geiger, Carbon Staff Auditor I, Rainforest Alliance	Klaus Geiger is a forester with professional experience in Latin America. As Carbon Services Staff Auditor with Rainforest Alliance Klaus conducts and leads carbon field audits for projects under six different carbon standards, including AFOLU, REDD+, and the VCS Double Approval Methodology. Prior to working with Rainforest Alliance, Klaus researched Sri Lankan non-timber

	forest products by documenting species composition and mapping spatial distribution in traditional agroforestry gardens, co-managed the 8,000 acre FSC-Certified Yale School Forest, promoted sustainable agriculture techniques for 3.3 years with the Peace Corps in Panama within the Comarca Ngäbe-Buglé and on the national level. Among other experiences, cruised timber for the U.S. Forest Service in Tahoe National Park. Klaus received his Masters of Forestry degree from the Yale University School of Forestry and Environmental Studies, and holds a Bachelors of Forestry from University of Missouri-Columbia. Klaus is fluent in Spanish and conversational in Sinhala.

3.2 Description of the Audit Process

The audit included both a desk based and field based assessment of the project's documentation and physical evidence. Upon receiving the project documents in December 2015, the lead auditor conducted a desk review in preparation of the field audit. A risk based sampling and audit plan was developed based on this review and submitted to the developer on January 19, 2016. Prior to the field audit, a web-based meeting was also held with the project's technical consultant to get a virtual demonstration of the project's GIS mapping exercises, carbon quantifications and associated questions. The lead auditor spent three days at the project site as described below. Stakeholder consultation with various groups also took place throughout the course of the field audit. The lead auditor visited several of the participating villages and individual farmer properties as well as the project's tree nurseries to verify project boundaries with a handheld GPS, confirm baseline conditions, assess tree health and planting locations, and gather supporting evidence through stakeholder interviews.

On 4 March 2016 the auditors held a call with the Project Manager to discuss the draft report findings, including the CARs & FARs, and the auditors were provided with a general explanation of how they intended to address the issues identified. On 11 March, 2016 the auditors received updated copies of the project documentation and additional supporting evidence to address the CARs & FARs. The auditors reviewed the materials provided, and updated the audit report accordingly. Based on the updated project documentation and additional supporting evidence, all of the CARs were found to be fully addressed and were closed out. 3 of the FARs were also addressed by the project and closed out, while 2 FARs not fully addressed, remain open, and are to be evaluated during the project's first Performance Certification audit.

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Richmond, Vermont, Desk Review (initial review of project documentation)	December January 11 – 25, 2016	3 days	Lawson Henderson
Dili, Timor Leste (Stakeholder Interview)	January 30, 2016	1 hr.	Lawson Henderson
Travel to Baguia, Timor Leste (continued discussion with project owner)	January 31, 2016	1 day	Lawson Henderson Florentino De Oliveira
Baguia, Timor Leste (Field Audit, Stakeholder Interviews)	February 1 – 3, 2016	3 days	Lawson Henderson Florentino De Oliveira
Travel to Dili, Timor Leste (continued discussion with project owner)	February 1 – 3, 2016	1 day	Lawson Henderson Florentino De Oliveira
Dili, Timor Leste (Stakeholder Interview)	February 5, 2016	1 hr.	Lawson Henderson
Richmond, Vermont, Desk Review & Draft Report Preparation	February 17 - 26, 2016	5 days	Lawson Henderson
Richmond, Vermont, Desk Review & Draft	March 10, 14 &	0.75 days	Lawson Henderson

Final Report Preparation	23 2016		

3.3 Review of Documents

The following documents were viewed as a part of the field audit:

Ref	Title, Author(s), Version, Date	Electronic Filename
1	Final WithOneSeed Gold Standard Pre-Feasibility Assessment Report, Gold Standard, 11 December 2015	2015-12-Final PFA Report Timor-Este GS4210.pdf
2	WithOneSeed Key Project Information 2.1 Template, Xpand Foundation, December 2015	2.1 – Template – Key Project Information PFA Review.pdf
3	WithOneSeed Do-No-Harm Assessment 3.1 Template, Xpand Foundation, December 2015	3.1 – Template – Do-No-Harm Assessment PFA Review.pdf
4	WithOneSeed Sustainability Monitoring Plan 3.4 Template, Xpand Foundation, December 2015	3.4 – Template – Sustainability Monitoring Plan PFA Review.pdf
5	WithOneSeed Project Participants & Secured Titles 3.5 Template, Xpand Foundation, December 2015	3.5 – Template – Project Participants & Secured Titles PFA Review.pdf
6	WithOneSeed Risk Register 4.1 Template, Xpand Foundation, December 2015	4.1 – Template – Additionality PFA Review.pdf
7	WithOneSeed Applicability 5.1 Template, Xpand Foundation, December 2015	5.1 – Template – Applicability PFA Review.pdf
8	WithOneSeed Other Emissions 5.4 Template, Xpand Foundation, December 2015	5.4 – Template – Other Emissions PF Review.pdf
9	WithOneSeed Baseline 5.5 Template, Xpand Foundation, December 2015	5.5 – Template – Baseline PFA Review.pdf
10	WithOneSeed Leakage 5.6 Template, Xpand Foundation, December 2015	5.6 – Template – Leakage PFA Review.pdf
11	WithOneSeed CO2-Fixation 5.7 Template, Xpand Foundation, December 2015	5.7 – Template – CO2-Fixation PFA Review.pdf
12	WithOneSeed Key Project Information Annex Document, Xpand Foundation, December 2015	KPI_Annex Document PFA Review.pdf
13	WithOneSeed Wetland Photo 1, Xpand Foundation, December 2015	Alaua craic 3.jpg
14	WithOneSeed Wetland Photo 2, Xpand Foundation, December 2015	Alaua craic.jpg
15	WithOneSeed Wetland Photo 3, Xpand Foundation, December 2015	Alaua craic2.jpg
16	WithOneSeed Wetland Photo 4, Xpand Foundation, December 2015	Bubuha.jpg
17	WithOneSeed Wetland Photo 5, Xpand Foundation, December 2015	Bubuha2.jpg
18	WithOneSeed Wetland Photo 6, Xpand Foundation, December 2015	Samalari.jpg
19	WithOneSeed Wetland Photo GPS Data, Xpand Foundation, December 2015	Wetland Photo GPS data.xlsx
20	WithOneSeed Wetland Photo GPS Coordinates, Xpand Foundation, December 2015	Wetland Photos GPS.txt
21	WithOneSeed Pre-Feasibility Do-No-Harm CAR01 Response – English, Xpand Foundation, December 2015	PFA_Do No Harm_CAR 01 English Version.doc
22	WithOneSeed Pre-Feasibility Do-No-Harm_CAR 01 Response, Xpand Foundation, December 2015	PFA_Do No Harm_CAR 01 kontratu HMI A.doc
23	WithOneSeed Pre-Feasibility Do-No-Harm CAR03 Response, Xpand Foundation, December 2015	PFA_Do No Harm_CAR 01 ILO affirmation letter GS.doc
24	WithOneSeed Pre-Feasibility Legal Rights CAR02	PFA_Legal Rights_CAR 02 List of Baguia Tree

	Response, Xpand Foundation, December 2015	Farmers April 2015_Annexure A.doc
25	WithOneSeed Pre-Feasibility Legal Rights CAR02 Response, Xpand Foundation, December 2015	PFA_Legal Rights_CAR 02 Xpand Timor Community Land Statement.doc
26	WithOneSeed Pre-Feasibility Legal Rights CAR01 Response, Xpand Foundation, December 2015	PFA_Legal Rights_CAR01 DECLARATION Tree Farmers.doc
27	WithOneSeed Pre-Feasibility Legal Rights CAR01 Response, Xpand Foundation, De3cember 2015	PFA_Legal Rights_CAR01 WithOneSeed Project Structure.doc
28	WithOneSeed Pre-Feasibility Sustainability CAR04 Response, Xpand Foundation, December 2015	PFA_Sustainability CAR04_WOS Carbon Cert financial projection 30years_PFA Review.doc
29	WithOneSeed Planted Tree Records June 2015 to August 2010, Xpand Foundation, December 2015	GPS 2015 June to Aug 2010a.xlsx
30	WithOneSeed Planted Tree Records June 2015 to August 2011, Xpand Foundation, December 2015	GPS 2015 June to Aug 2011a.xlsx
31	WithOneSeed Planted Tree Records June 2015 to August 2012, Xpand Foundation, December 2015	GPS 2015 June to Aug 2012a.xlsx
32	WithOneSeed Planted Tree Records June 2015 to August 2014, Xpand Foundation, December 2015	GPS 2015 to Aug 2014a.xlsx
33	WithOneSeed Planted Tree Records June 2015 to August 2015, Xpand Foundation, December 2015	GPS 2015 June to Aug 2015a.xlsx
34	WithOneSeed Soil Carbon Quantification Tool, Xpand Foundation, December 2015	AR-Soil-Carbon-Tool_PFA Review.xlsx
35	WithOneSeed CO2 Fixation Literature Review Document, Xpand Foundation, December 2015	CO2 Fixation Literature Review_PFA Review.xlsx
36	WithOneSeed Baseline Carbon Stocks and CO2 Fixation Model Workbook, Xpand Foundation, December 2015	GS4210 Baseline CS and CO2 Fixation models PFA Review.xlsx
37	WithOneSeed GHG Accounting and Monitoring Guide, Xpand Foundation, December 2015	GS4210 GHG Accounting and Monitoring Guide.doc
38	WithOneSeed RAMP Carbon Soil Carbon Calculations, Xpand Foundation, December 2015	RAMP Carbon AR-Soil-Carbon-Calcs_PFA Review.xlsx
39	WithOneSeed Cumulative Annual Eligible Planting Area Workbook, Xpand Foundation, December 2015	Cumulative Annual EPA (ha).xlsx
40	WithOneSeed Project Shapefiles, Xpand Foundation, December 2015	WithOneSeed Shapefiles.zip (86 files)
41	WithOneSeed Project Health and Safety Policy, Xpand Foundation, January 2016	Ho Musan Ida Health and Safety Policy.pdf
Documents listed below submitted after the field audit but prior to issuance of the draft audit report		
42	WithOneSeed GS Cover Letter Signed, Xpand Foundation, 06 March 2015	3.5-Template-Cover-Letter.pdf
43	WithOneSeed GS Terms and Conditions Signed, Xpand Foundation, 06 March 2015	3.5-Template-Terms-Conditions-LUF.pdf
44	WithOneSeed, Xpand Foundation Board Governance, Xpand Foundation, November 2013	Xpand Foundation Board Governance 2013.pdf
45	WithOneSeed Local Stakeholder Consultation Documentation, Xpand Foundation, December 2015	3.2 LSC Baguia.pdf
46	WithOneSeed Project Carbonxchange Concept Paper, Xpand Foundation, February 2010	CX AusAID 9February 2010.doc
47	WithOneSeed Project Community Land Statement, Baguia Sub-District, 09 December 2015	20160309_161023.jpg

3.4 Interviews

The following is a list of the people interviewed as part of the audit. The interviewees included those people directly, and in some cases indirectly, involved and/or affected by the project activities.

Audit Date	Name	Affiliation

18, 31 January 2016 1-5 February 2016 March 4, 2016	Andrew Mahar	Xpand Foundation
18, 31 January 2016 1-5 February 2016	Lyn Jenkin	Xpand Foundation
1 – 3 February 2016	Leopoldina Joana Guterres	Ho Musan Ida
18 January 2016 22 February 2016	Marnie Telfer	Ndver Environmental Consulting
3 February 2016	Joane Guterres Gusmao	Ho Musan Ida
1-3 February	Juliao Luis	Ho Musan Ida
1-3 February	Marcelino Guterres Barros	Ho Musan Ida
1-3 February	Emilio Guterres De Oliveira	Ho Musan Ida
1-3 February	Orlando De Rosa Simoes	Ho Musan Ida
1-3 February	Januario da Costa Dias	Ho Musan Ida
1 February 2016	Community Meeting in Afaloicai (30 participants)	WithOneSeed Participating Farmers
2 February 2016	Community Meeting in Larigua (9 participants)	WithOneSeed Participating Farmers
2 February 2016	Community Meeting in Sorokama (18 participants)	WithOneSeed Participating Farmers
3 February 2016	Community Meeting in Larisula & Bubuha (30 participants)	WithOneSeed Participating Farmers
3 February 25, 2016	Community Meeting in Osso-Huna & Hae Coni (16 participants)	WithOneSeed Participating Farmers
3 February 25, 2016	Community Meeting in Samalari (11 participants)	WithOneSeed Participating Farmers

APPENDIX A: Field Audit Findings

Note: Findings presented in this section are specific to the findings resulting from the field audit as presented in the Draft Audit Report. Any non-conformances or observations identified during the field audit are noted in this section, and specific NCR and OBS tables are included in section 3.2 of this report for each identified non-conformance and observations. All findings related to audit team review of additional evidence submitted by the Project Proponent following the issuance of the Draft Audit Report by Rainforest Allianc e, is included within section 2.2 of this report.

2. Key Project Information

2.1 Key Project Information

1. A general description shall be provided which includes all of the following items:
   (a) Project activities
   (b) Organisations that are involved in the project (project participants)
   (c) Communities involved in the project
   (d) Location of the project area and the planting area
   (e) Size of the project area and the planting area
   (f) Risk of the project area to change (during the crediting period)
   (g) Risk of the project activities to change (during the crediting period)
   (h) Timeframe for the project activities
   (i) Number of predicted CO_2-certificates
   (j) Land-use history and current situation of the project area
   (k) Socio-economic history and current situation
   (l) Forest management applied (past and future)
   (m) Forest characteristics (including main tree species planted)
   (n) Main social impacts (risks and benefits)
   (o) Main environmental impacts (risks and benefits)
   (p) Financial structure

Findings from Field Audit
Key Project Information covering elements a)-p) with an appropriate level of detail is in place. This information correctly utilizes the GS Key Project Information Template and follows the formatting requirements of chapter 7.4. Accuracy of each element of the Key Information provided was confirmed as follows. a) On-site observations and stakeholder interviews confirmed the reforestation project activities by subsistence farmers on cropland and grasslands in Baguia, Timor Leste. b) Discussions with Project staff confirmed the roles of each project participant identified in element b) of the Key Project Information Template. However, the in-country program for the WithOne Seed project, Ho Musan Ida, is not included as a project participant. See CAR 01/16. c) Participating Farmers from the 10 communities (sucos) listed in element c) of the Key Project Information template were confirmed to be involved in the project. Site visits and stakeholder interviews were carried out with 8 of these communities over the course of the field audit. d) A general description of the project area and planting area locations are generally described in the Key Project Information template. Confirmation of these areas was made through review of the project's shape files, supporting maps, and throughout the field audit. e) The Project Area is 4,996 ha. as determined through GIS analysis carried out by the project's carbon advisory firm. The eligible planting area for the 2010 – 2015 plantings is considered the cumulative crown area of the trees planted (at maturity) and covers 29 ha. Findings regarding the GIS analysis is covered in more detail in section 5.1 of this report, and was discussed during interviews with the project's carbon advisory group (Ramp Carbon). f) The risk of change to the project area during the crediting period is cited as being the level of participation by farmers and communities in Baguia. The auditors concur. See also findings in section 3.6 of this report. g) The risk of change to the project activities during the crediting period is cited as a reversion by participating farmers and communities to slash and burn agriculture. This is mitigated by ongoing consultation and education activities. The

auditor concurs. See also findings in section 3.6 of this report.

h) Element h) of the Key Project Information template states that the project activities began in 2009 and are expected to continue through 2059. However, discussions with project staff confirmed that the planting activities began in 2010, and that the project has a 30-year lifetime – though 2040. Further, no specific start date of the planting activities has been identified. Se CAR 01/16.

i) The number of CO2 certificates for the planting period of 2010 – 2015 is cited to be 4,698 tCO2e. The number of CO2 certificates over the project lifetime is cited to be 513,072 tCO2e. However, the dates of the project lifetime identified in element i) of the Key Project Information template (2010 – 2039) are not correct based on discussions with project staff. This projected carbon sequestration level isn't to be considered as the projects validated CO2 certificates, and rather is only considered projected GHG emission reductions over the project life. See CAR 01/16. See also associated findings regarding the projects carbon quantifications covered in section 5 of this report.

j) The land-use history and current situation of the project area and Timor Leste is described in adequate detail with references appropriately cited. The information provided in element j) of the Key Project Information template is consistent with information discussed with project staff and other stakeholders during the course of the field audit.

k) The socio-economic history and current situation of the project area and Timor Leste is described in adequate detail with references appropriately cited. The information provided in element k) of the Key Project Information template is consistent with information discussed with project staff and other stakeholders during the course of the field audit.

l) Past forest management of the project area and Timor Leste in general is described in adequate detail with references appropriately cited. The information provided in element l) of the Key Project Information template is consistent with information discussed with project staff and other stakeholders during the course of the field audit. Future forest management however is not addressed. See CAR 01/16.

m) General forest characteristics of the project area are described in terms of forest composition and the main tree species to be planted on participating farmers' lands. Currently, the project has only planted mahogany, but over time expects to plant a diverse mix of species as the project activities expand. Here the Timor Leste national definition of forest is also given, as confirmed in the online reference cited.

n) The main social impacts, including benefits and risks are described, and are consistent with information received during interviews with project staff, and other stakeholders interviewed in the field. The main social benefit is payment to individual participating farmers for planting and maintaining trees supplied by the project, as well as educational capacity building benefits associated with the project. The main social risk described is related to potential land disputes that could arise through the formalization of land tenure arrangements. The land tenure process is taking place at a national level, as land titles were destroyed during the Indonesian occupation of Timor Leste. See associated findings in section 1.6 of this report.

o) The main environmental impacts, including benefits and risks are described, and are consistent with information received during interviews with project staff, and other stakeholders interviewed in the field. Beyond carbon sequestration, the reforestation planting efforts taking place are expected to improve watershed and soil health, improve crop productivity, reduce runoff and sedimentation loads into streams, help to reduce the risk of landslides, and improve biodiversity. The main environmental risk described is associated with the planting of exotic or potentially invasive species. While the project is utilizing exotic species, their non-invasiveness has been adequately justified. Refer to section 3.19 & 20 for additional information regarding the tree species being planted in the project.

p) A general description of the project's financial structure is provided. Start-up costs and short term expenses have been covered by philanthropic funding provided by the ComputerShare Foundation. The local WithOneSeed branch, Ho Musan Ida has funds to cover staff wages, and operational expenses and direct payments to participating farmers associated with project implementation. Income from the sale of carbon credits will go to the Expand Foundation and will support the existing WithOneSeed governance structure. This information is consistent with discussions with key project staff in the field.

With the exception of the CARs noted above, conformance with the GS Key Project Information requirements has been demonstrated.

Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	**CAR 01/16**		

2. The following information shall be clearly defined by the use of *shapefiles*:
   (a) Project area
   (b) Planting areas
   (c) Eligible planting area
   (d) Modelling Units
   (e) Infrastructure (roads, houses, etc.)
   (f) Water bodies
   (g) Sites with special significance for *indigenous people and local communities* - resulting from the Local Stakeholder Consultation (LSC)
   (h) Where *indigenous people and local communities* are situated
   (i) Where *indigenous people and local communities* have legal rights, customary rights or sites with special cultural, ecological, economic, religious or spiritual significance.

Findings from Field Audit			
Shapefiles covering elements a) – f), and h) & i) were provided and reviewed by the auditors. However, Shapefiles covering element g) were not available. In discussions with project staff, sites with special significance for indigenous people and local communities were limited to traditional houses built on lands owned by local community members. It was confirmed through interviews with project staff and other stakeholders as well as on-site interviews that the planting activities would not have any impact to these sites of special significance. However, shapefiles for these special sites are still required, but since the planting activities were confirmed to have no impact on these sites, this finding is being raised as a Forward Action Request. See FAR 01/16.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 01/16**		

3. Boundaries of the project area and the planting area shall be clearly distinguishable in the field.

Findings from Field Audit			
As described in the Key Project Information template and discussed with project staff, the project area is considered the area of grasslands and croplands within the sub-district of Baguia, covering a total of 4,996 ha. These areas were considered to be reasonably distinguishable during the field audit, with non-forested areas (the project area) being distinctly different than the remnant forest patches that remain in Baguia. On-site observations and stakeholder interviews also supported the assertion that the project's planting activities only took place on grasslands and croplands that had been without forest cover for at least ten years, often under a non-forested condition for generations. The eligible planting area is essentially considered a 2.5 m circle around each GPS point taken for all trees planted by the project from 2010 – 2015. This 2.5 m area was selected to reflect the typical crown cover diameter for the tree species (mahogany) planted to date. Where clusters of planted trees exist, the 2.5 m areas have been overlapped to provide a cumulative area. While this approach to the project's planting area doesn't entirely allow for the planting area to be clearly distinguishable in the field, all trees planted are given a GPS coordinate, and the locations of the planted trees are recorded with GPS annually. Annually recording of newly planted and maintained trees allows the projects to compensate farmers correctly. The individual farmer properties sampled during the field audit were easily able to show the auditors the locations of the planted trees, by varying planting year, and the project's GPS locations of planted trees were confirmed with auditor's independent GPS locations of planted trees observed in the field. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3. Sustainability Requirements

Social Requirements

Indigenous Peoples and Local Communities

1. Sites with legal rights and customary rights of *indigenous people and local communities* shall be identified, known and respected by the workers.
2. Sites for special cultural, ecological, economic, religious or spiritual significance to the *indigenous people and local communities* shall be identified, known and respected by the workers.
3. The transfer of control of any activities from *indigenous people and local communities* to the project owner shall be documented.
4. The project shall not involve and shall not be complicit in the involuntary relocation of people.
5. On sites with significant disputes, all operations should be stopped until the disputes are resolved.

Findings from Field Audit			
The participating farmers are considered to be indigenous peoples of Timor Leste and members of the local communities in the sub-district of Baguia where the project is taking place. The project's tree planting activities are taking place on individual farmer's properties which are known and respected by the individual farmers, their neighbors and community members. The participating farmers are undertaking the planting activities themselves, though the Ho Musan Ida project staff work closely with the farmers upon joining the project and during the annual monitoring and recording of planted tree data. As described in the project's Do-No-Harm documentation and confirmed through interviews during the field audit, all participating farmers voluntarily make the decision to join the project and select the areas on which the project trees are planted on their lands. Therefore, it is expected that existing and known sites of significance will be respected through the community frameworks that are already in place. The local Ho Musan Ida staff are also members of the community and based on auditor interviews, there was no indication that they have or will cause any negative impacts to sites of community significance. The indigenous people and local communities control and own the lands that the project activities take place on. This assertion was supported during interviews during the field audit. The project is in the process of getting a formal Memorandum of Understanding (MOU) executed between the project owner and the Timor Leste Ministry of Agriculture which will formally designate the ownership and rights to carbon claims in individual farmers. See associated findings in section 3.5 of this report. The project asserts that there will not be any unilateral tree planting done by WithOneSeed, without the consultation of landowners that will cause any involuntary relocation of people, and that any relocation or movement of households will be voluntary and at the discretion of the communities themselves. This assertion was supported through interviews during the field audit and no incidents of the relocation of people were identified by the auditors or expected to occur in the future. The project acknowledges there is a possibility there will be issues relates to customary land tenure when undertaking the legal processes of defining land ownership – which is taking place nationally in Timor Leste. The project asserts that there will be no planting of trees where there is a dispute over land titles. Interviews with participating farmers confirmed that there are currently no land tenure disputes on the areas in which project trees are planted. Farmers were able to show the auditors their general property boundaries and demonstrate that where they had planted trees fell within their own boundaries. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Working Conditions

6. Workers shall be able to establish and join labour organizations.
7. Workers and labour organizations shall be generally satisfied with their working agreements.
8. Working agreements with all individual workers shall be documented and implemented.
9. There shall not be forced labour, as defined by the *ILO Forced Labour Convention*[1].
10. There shall not be child labour, as defined by the *ILO Minimum Age Convention*[2].
11. If the host country did not ratify one or more of the 8 *ILO Fundamental Conventions*[3], the project owner shall provide a written affirmation to uphold them.
12. Copies of the 8 *ILO Fundamental Conventions* shall be available for workers.

Findings from Field Audit
6) As described in the Do-No-Harm project documentation and confirmed in the field, WithOneSeed workers are not directly

involved in the planting and maintenance of the project's trees. Further, as demonstrated through interviews with participating farmers, the project requires voluntary opt in by individuals, and it is therefore the choice of an individual to join the project or not. Participating farmers are not considered workers of the WithOneSeed project, but will have the ability to organize themselves as deemed appropriate.

Element 6, under Working Conditions is however identified as not relevant by the project. The local Ho Musan Ida team are considered employees of the WithOneSeed project, so this requirement does appear relevant. The local Ho Musan Ida staff have not been addressed under this element of the GS. See CAR 02/16.

7) Again, the local Ho Musan Ida team is not addressed in element 7 under the Working Conditions requirements, and this section is incorrectly identified as not relevant. See CAR 02/16. An interview was held with the Ho Musan Ida team, and staff confirmed they are generally satisfied with their working agreement for the WithOneSeed project.

8) Copies of employment agreements in the local language as well as in English were provided as supporting documentation. Signed copies of a sample of employment agreements were also reviewed by the auditors during the field audit at the Ho Musan Ida office. Implementation of the employment agreement terms was demonstrated through interviews with the Ho Musan Ida team.

9) As documented in the Do-No-Harm documentation and confirmed during interviews with key project staff, the WithOneSeed project does not support the use of forced labor. All project staff are compensated for their time and work on the project and have an employment agreement in place.

10) The project asserts there will be no child labor, and no evidence to the contrary was brought to the attention of the auditors. The project does however acknowledge that in the villages of Baguia where the project is located, families rely on all able bodied members of the family to contribute to the survival of the family and community. It is therefore common for children to carry out tasks including; the collection of fire wood and water, work on farms including the planting and harvesting of crops; as well as domestic and household tasks. Further, the WithOneSeed project has a commitment to the UN millennium goal of Universal Education, and links to an educational program called WithOnePlanet that encourages students to be involved in the activities of the community nurseries as a part of their school education. In this sense, the WithOneSeed project very much intends to enhance the education of children in Baguia.

11) The Do-No-Harm project documentation indicates that Timor Lest has ratified 4 of the 8 ILO Fundamental Conventions, including the Forced Labor Convention, the Freedom of Association and Protection of the Right to Organize Convention, the Right to Organize and Collective Bargaining Convention, and the Worst Forms of Child Labor Convention. This was confirmed on the ILO website through the citation provided. With regards to the 4 ILO Fundamental Conventions not signed by Timor Leste, the WithOneSeed initiative is committed to upholding these conventions and an ILO Affirmation letter documenting this commitment has been provided demonstrating conformance.

12) The project asserts that WithOneSeed will ensure that the ILO Fundamental Conventions are available to its employees. Copies of the ILO conventions were indeed on file in the Ho Musan Ida office and available for all employees wishing to review this information.

Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	**CAR 02/16**		

No Discrimination

13. The project owner shall not be involved, and shall not be complicit, in any form of:
    (a) sexual harassment, AND
    (b) discrimination based on gender, race, religion, sexual orientation or any other basis.

Findings from Field Audit
The Do-No-Harm project document makes reference to the Xpand Foundation board governance policy document which states the Xpand Foundation is "committed to supporting the principles of equal opportunity in employment, training, and promotion" and that the policy has been instated to "ensure there is no discrimination as defined in the relevant common wealth and state legislation of Australia." A copy of this policy was provided for auditor review and the statements with regards to non-

discrimination confirmed. Further, no reports of sexual harassment or discrimination of any type were reported during interviews with project staff. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Anti-Corruption

14. The project owner shall not be involved and shall not be complicit in corruption. The project owner shall publicize a commitment not to offer or receive bribes in money or any other form of corruption. The project owner shall comply with anti-corruption legislation where this exists.

Findings from Field Audit			
The project asserts that it will ensure it abides by the laws and regulations regarding the Timor Leste Anti-Corruption Commission, as part of their Constitution, and will therefore not be involved or complicit in corruption. Xpand Foundation's public statement that it will not receive bribes or other facilitation payments for any reason whatsoever reads as follows; "Xpand Foundation recognizes the value of transparency and accountability in its administrative and management practices, and supports the disclosure of corrupt conduct." This statement was confirmed in the Xpand Foundation board governance policy. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Occupational Health & Safety

15. There shall be a 'Health & Safety Policy' that is documented, implemented and regularly updated. This policy shall include at a minimum:
    (a) provisions for first aid, AND
    (b) provisions for the safe transport of workers, AND
    (c) provisions for timely evacuation of workers to an adequately equipped medical facility in case of serious accident, AND
    (d) a health insurance scheme for workers who are impacted by workplace accidents AND
    (e) if workers stay in camps for a longer period of time, measures shall be provided to ensure that conditions for accommodation and nutrition comply at least with those specified in the *ILO Code of Practice on Safety & Health in Forestry*[4].
16. An individual shall be appointed to have overall responsibility for 'Health & Safety' at the worksite.
17. Workers shall have job-specific training and supervision to safely implement the project.
18. Workers shall have safe protective equipment, tools and machinery appropriate for their work.

Findings from Field Audit
A health and safety policy was provided to the auditors and provides general information pertaining to the health and safety of Ho Musan Ida employees such as health and safety commitments expected of staff, staff responsibilities, health insurance, and injuries. The policy is written in both English and in the local Tetum language. No injuries were reported by Ho Musan Ida staff during the interview held with the team, and no safety issues were observed during the field audit. Findings pertaining to the health and safety policy requirements covering elements a) - e) are as follows: a) As confirmed in the field and described in the health and safety policy, there are first aid kits located at the Ho Musan Ida office and at the nurseries. b) While the health and safety policy provides general information regarding the need for staff to perform their duties in a safe manner, report accidents, follow safe work procedures and use protective equipment, the policy doesn't explicitly address provisions for safe worker transportation. See FAR 02/16. c) In the event of a major injury, the policy discusses the evacuation of the injured worker directly to the local Baguia health clinic. d) As documented in the health and safety policy, and confirmed during interviews with project staff and through internet searches, public health care is available to all Timorese free of change and all Ho Musan Ida staff have access to health care services. e) Ho Musan Ida staff do not stay in camps, and rather live in the own homes or with family. Element e) is therefore not considered applicable.

Joane Gusmao, Administration Officer of Ho Musan Ida has been appointed as the overall responsible individual for health and safety of the Ho Musan Ida team and was interviewed during the field audit. The project has provided staff with skills and training to implement their job related responsibilities to a high standard. Training related to nursery management was provided by the Australian Agroforestry Foundation to facilitate proper management, and participating farmers also received Master Tree Grower's training from the Foundation. Staff interviews confirmed that relevant Ho Musan Ida staff also received GPS training enabling them to record the locations of all planted trees for the project. Staff demonstrated their knowledge and skills in the areas of the project they were responsible for, and no accidents or major incidents were reported during interviews with Ho Musan Ida staff. The issue cited above with regard to element b) is being raised as a Forward Action Request (FAR) as the auditors found that the health and safety policy in place meets the minimum expectations of the standard, and that project operations from 2010 – 2015 have been carried out in a safe manner.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 02/16**		

Environmental:

Tree species

19. The genotypes of the tree species planted shall be well-adapted to the site.
20. *Exotic tree species*[1] shall not be used, unless direct experience, or scientific research, demonstrate that there is, or can be, no invasiveness and no adverse impacts.

Findings from Field Audit
All species that are expected to be planted by the project are outlined in section 19 of the Do-No-Harm project documentation. Some species such as *Eucalyptus alba*, *Eucalyptus urophylla* and *Casuarina equisetifolia* were confirmed to be native to Timor Leste and are therefore considered well adapted to the project's planting sites. Other species, including *Tectona grandis* & *Swietenia macrophylla* are considered exotic to Timor Leste, but adequate justification with supporting references has been provided to demonstrate these exotic species are well adapted to the project's planting sites and that they do not exhibit traits of invasiveness. These exotic species, are common forest plantation species planted in Timor Leste, and are considered to be well adapted for the project. To date, the only tree species that has been planted by the project is *Swietenia macrophylla*. Relevant and credible scientific research has been cited, providing reasonable justification to show that the exotic species that has been used (e.g. *Swietenia macrophylla*, and planned to be used (*Tectona grandis*), are not invasive, and are not expected to cause adverse impacts.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Habitat connectivity

21. Through a smart mosaic of the planting areas, buffer zones and infrastructure habitat connectivity for flora and fauna should be enhanced.

Findings from Field Audit
The WithOneSeed project has worked with the Australian Agroforestry Foundation and local stakeholders to ensure the project's planting systems will support the needs of participating farmers while also improving habitat connectivity and biodiversity. Planting areas on individual participating farmer's properties were observed to be mosaic in nature, often occurring around property boundaries, and along riparian areas. Indeed, the project's trees planted to date were found to be on areas previously managed as cropland or grazing lands, and establishment will lead to increased habitat connectivity and enhancement of flora and fauna biodiversity. Conformance has been demonstrated.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

GMOs

22. *Genetically Modified Organisms (GMOs)*[2] as defined by FSC shall not be used.

Findings from Field Audit			
The Project's Do-No-Harm documentation asserts that all seedlings used in the project will be sourced from non GMO stock, and that there will be no provision for the use of GMOs in the project. This assertion was confirmed during interviews with project staff responsible for nursery management. Seeds have been sourced from nurseries in Indonesia, and are now being sourced from a different district within Timor Leste. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS			

Biodiversity

23. Minimum 10% of the project area shall be *identified* and *managed* to protect or enhance the *biological diversity*[3] of *native ecosystems*[4]. For this, the *HCV*[5] approach should be followed.

24. (a) Existing patches of trees or single solitary stems of *native tree species*[6], AND
    (b) habitats of *endangered species*[7]
    shall always be *identified* and *managed* to protect or enhance the *biological diversity*[3].

Findings from Field Audit			
The project asserts that the HCV approach was taken to assess the biological diversity of the native ecosystems within the project area, resulting in the identification of three HCVs including HCV1, HCV2 & HCV4. Mount Matebian, along the summit and all elevations above 2,000 meters, plus surrounding forests is located within the project area and is identified as a protected area within Timor Leste as confirmed through cited references and internet searches. Mount Matebian is also a candidate area as an Important Bird Area (IBA), and is considered to fall under the category HCV1.1 – Protected Areas. It is also relevant under HCV1.2 for its concentration of threatened or endangered species including tree, bird, mammal, and insect species, as well as HCV1.3 for its concentration of certain endemic species. Appropriate references confirming this information are cited within the project's Do-No-Harm assessment documentation. The project also considers Mount Matebian under the HCV2 category, as it is a candidate for an Important Bird Area (IBA), which are considered globally important habitats for the conservation and long-term viability of naturally occurring bird populations for a range of species. Finally, HCV4 is identified as being applicable as the surrounding forests of Mount Matebian are critical to watershed protection, erosion control, and is an ecosystem that is critical to the provision of food for local subsistence farmers. This information was confirmed as accurate through the referenced cited by the project, and independent internet searches. The project acknowledges that this HCV area must be appropriately managed in order to maintain or enhance the identified HCVs. The projects core activities involve the reforestation of grass and cropland areas within Baguia which are expected to help maintain and/or enhance the relevant HCVs identified. On-site observations confirmed that implementation of the planting activities on crop and grazing lands within the mosaic of existing patches of trees will help improve the habitat connectivity of the project area and maintain or enhance the biological diversity of the project area. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Erosion

25. To ensure healthy soils the following aspects shall be identified and appropriate measures shall be put in place to protect them:
    (a) soil types, AND
    (b) biota, AND
    (c) erosion, AND
    (d) compaction.
26. Ploughing on slopes with a gradient greater than 10% (5°) shall follow the land contour.

Findings from Field Audit			
Assessment of soil types was carried out in the project area as described in the project's Do-No-Harm assessment documentation, and the key soil types are outlined in Table 3.1.1. Appropriate references for the soil assessment have been cited. Implementation of the project's tree planting activities involves little soil disturbance, with all of the trees being planted by hand with no site preparation activities involved. It is expected that the project's reforestation efforts will have a positive impact on soil health, and the tree planting activities will help maintain the existing soil types found to occur in the project area. The project offers a general assessment on the importance of soil biota, and how a diverse soil community promotes soil stability, improves nutrient cycling and soil structure, and suppresses plant pests and diseases. The project's reforestation activities will increase plant cover and diversity thereby promoting soil stabilization and health. Further, there is little to no impact to soil during planting, as seedlings are manually planted by hand using a stick for hole digging, and there is no site preparation involved. Further little to no fertilizer application will occur, and as confirmed during on-site interviews, negligible amounts of manure may be applied. The project describes the typical causes for soil erosion which include soil movement caused by water (e.g. heavy rainfall), mechanical impacts (tillage and cultivation), and wind (e.g. on bare soils). Much of the project area is susceptible to landslides, but the project activities are expected to help reduce the amounts of soil erosion in comparison to the with-out (baseline) scenario). The project outlines a slew of measures to protect soil from erosion, many of which will be achieved by the project and its tree planting activities. Finally, the project generally describes the typical ways in which soil compaction may occur such as over grazing, heavy machinery, tillage etc., but it is clear that the project's reforestation activities that involve no real site preparation or use of machinery or vehicle use, will cause little to no negative soil compaction issues. As confirmed through on-site observations and stakeholder interviews in the field, the tree planting process doesn't involve any ploughing of soil. Planting is all done manually by hand, and only involves the digging of small holes with a stick, enough so that seedling's roots are covered in the soil. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Fertilizers

27. Fertilizers shall be avoided, or their use shall be minimised and justified.
28. If the aerial application of fertilizer is used, then measures shall be put in place to prevent drift.

Findings from Field Audit			
The project acknowledges that some participating farmers may use locally produced compost or other organic fertilizer such as manure on their planted trees, but any such use is expected to be minimal. The auditors were assured that no synthetic fertilizers will be used on the project's trees. The main reason cited is that fact that participating farmers are subsistence farmers, who cannot afford fertilizers, and even if some could, it would be their preference to apply fertilizer to crops as opposed to the project's trees. A small amount of manure was described as being used in the nursery as a pest/insect deterrent, but no use was observed to be taking place on the planted trees on participating farmer properties. The project has assigned a "low" risk of future nonconformance, which is accepted by the auditors. Not mitigation measures are therefore required in the project's Sustainability Monitoring plan. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Chemical pesticides

29. Chemical pesticides shall be avoided, or their use shall be minimised and justified.
30. Chemical pesticides shall be used in accordance with the *FSC Pesticides Policy*[1].
31. There shall be a 'Chemical Pesticides Policy' that is documented, implemented and regularly updated. This policy shall include at a minimum:
    (a) provisions for safe transport, storage, handling and application, AND
    (b) provisions for emergency situations.
32. In the case that chemical pesticides are used and two or more different chemical pesticides are equally effective, the least hazardous chemical pesticide shall be used.

Findings from Field Audit

The project asserts that no chemical pesticides will be used as part of the project. This assertion is based again on the fact that the participating farmers are subsistence farmers who are not able to afford chemical pesticides. This assertion was confirmed through on-site observations and stakeholder interviews during the field audit. Therefore, the requirements related to chemical pesticides are not applicable, and no associated mitigation measures are included in the project's Sustainability Monitoring Plan. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Biological control agents

33. *Biological control agents*[2] shall be avoided, or their use shall be minimised and justified.

Findings from Field Audit			
The project asserts that there is no use of any biological control agents within the project, and that any organisms that require controlling will be done so in a natural way. This assertion was confirmed through on-site observations and stakeholder interviews during the field audit. Findings pertaining to the mitigation measures in place for the Giant African Snail which was observed on one of the farmer's properties sampled in the field is covered in section 3.6 of this report. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Water resources

34. On both sides of permanent or temporary *water bodies* (lakes, streams, rivers, wetlands, etc.) riparian buffer zones of 15 meters shall be implemented on each site. In these riparian buffer zones:
    (a) only *native tree species*[3] may be planted, AND
    (b) *invasive species*[4] shall be removed, AND
    (c) all existing vegetation shall be kept, AND
    (d) no timber harvesting activities shall take place, AND
    (e) no use of fertilizer or chemical pesticides.
35. The flows of *water bodies* shall not be blocked.
36. The groundwater in and around the planting area shall not be negatively affected by the project.

Findings from Field Audit
The project has identified the location of water bodies within the project area and states that they will ensure that only native species will be planted within 15 meters of such features (lakes, streams, rivers, wetlands etc.). The project conforms to elements a) – e) of the Water Resource requirements as follows: a) The Do-No-Harm project documentation indicates that project staff will work with participating farmers who have water bodies running through or near their land to ensure that there is awareness of the species restrictions that apply within 15 meters of riparian features. While to date the project has only planted *Swietenia macrophylla* (mahogany), a non-native species, no sites sampled by the auditors were observed to have planted trees within 15 meters of any water bodies. b) The project asserts that all invasive species will be removed from permanent and temporary water bodies, and that no planting of invasive species will be planted within the 15 meter riparian zones. No invasive species were observed in riparian zones and water bodies over the course of the field audit, and the project has demonstrated that any non-native tree species used by the project are not invasive. See associated findings in section 3.19 & 3.20 of this report (tree species). c) The project states that it will ensure that all native vegetation will be kept around riparian buffer zones, while acknowledging any invasive species within these areas will be removed. No evidence of the removal of native vegetation from within stream side zones was observed throughout the course of the field audit. d) The project indicates that it will ensure local residents are made aware of where water bodies are located and that participating farmers understand that trees planted within riparian buffer zones are not to be cut down for timber. During some interviews, it became evident that there was some miss understanding on the part of some participating farmers on the restriction from harvesting project trees over the life of the project. This was promptly addressed by project staff after the interviews, but continued re-enforcement of this requirement may be necessary. See findings associated with section 4.0 of this report and OBS 01/16.

e) As described above, fertilizer and chemical use has been deemed non-applicable by the project. Therefore, it is not expected that any such use will occur within the project's riparian buffer areas. The project has identified the risk of future nonconformance against elements a) – e) of 1.34 as low risk and the auditors concur. Therefore, no related mitigation measures related to these requirements are included in the project's Sustainability Monitoring Plan. Conformance has been demonstrated. As previously described, it was demonstrated that no tree plantings will occur in the required 15-meter buffer zone, and therefore the flow of water throughout riparian features will not be blocked. No such occurrences were observed during the course of the field audit, and this requirement has been appropriately identified as non-applicable. The project asserts that groundwater within the planting area of the project will not be negatively affected by the tree planting activities, and that rather, reforestation of agricultural field implemented by the project will have a positive influence on the groundwater supply. Supporting references have been cited, and the auditors concur. Establishment of trees leading to eventual forest cover will slow water run-off, allowing greater seepage into the soil thereby improving groundwater storage.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS 01/16		

Waste

37. All sources of waste and *waste products* shall be identified and classified. *Waste products* include amongst others:
    - (a) chemical wastes, AND
    - (b) containers, AND
    - (c) fuels and oils, AND
    - (d) human waste, AND
    - (e) rubbish (including metals, plastics, organic and paper products), AND
    - (f) abandoned buildings, machinery or equipment.
38. Measures for waste products and their spillage shall be in place for safe and environmentally appropriate:
    - (a) collection, AND
    - (b) transport, AND
    - (c) storage, AND
    - (d) handling, AND
    - (e) disposal.

Findings from Field Audit
The project was found to generate little waste products as the result of implementation of the project activities. Conformance with elements a) – f) of 1.37 under Waste has been demonstrated as follows. a) As demonstrated in the Do-No-Harm assessment and confirmed in the field, the project doesn't apply any chemicals, therefore disposal of chemical wastes is not-applicable. b) The seedlings are grown is plastic bags (polybags) and are distributed to the farmers in the polybags. The polybags are cited as the only non-degradable material waste generated by the project, but farmers are encouraged to return the polybags to the nursery after planting is completed, so they can be reused for future use at the project's nurseries. The recycling/reuse of polybags was confirmed through interviews during the field audit. No evidence of polybags left in and around the planting sites of participating farmer's lands was observed during the course of the field audit. c) Limited vehicle use takes place as part of the project's implementation. The project has one ATV that is used by staff to traverse to and from the nurseries, and staff use personal motorbikes. Trucks are hired for a limited amount of specific tasks such as the delivery of materials to build and maintain the nurseries, and for the distribution of seedlings among participating farmers. Emissions from fuel usage as part of the project is considered insignificant. See also findings associated with section 5.4 of this report. d) The project indicates that it doesn't require any additional infrastructure to be built to facilitate or require treatment of human waste as part of project implementation. Therefore, no additional human waste beyond that produced under the without project scenario (baseline) will be generated. The auditors concur that this requirement is not-relevant as identified by the project. e) The seedlings are grown is plastic bags (polybags) and are distributed to the farmers in the polybags. The polybags are

cited as the only non-degradable material waste generated by the project, but farmers are encouraged to return the polybags to the nursery after planting is completed, so they can be reused for future use at the project's nurseries. The recycling/reuse of polybags was confirmed through interviews during the field audit. No evidence of polybags left in and around the planting sites of participating farmer's lands was observed during the course of the field audit.

f) As described in the Do-No-Harm assessment, the project is taking place on private lands that contain small private permanent homes, and there are no temporary buildings that require to be constructed, and no real risk of building abandonment caused by the project. Also, little to no machinery us used, as demonstrated throughout the field audit, and the auditors therefore concur that this requirement is not-relevant as identified by the project.

The project cites elements a) – f) of 1.38 to be not-relevant to the project. The only real waste product generated by the project is the planting trays and polybags used for the growth and distribution of seedlings to participating farmers, and efforts are made to reuse these materials to the extent possible. The auditors concur, and therefore the collection, transport, storage, handling and disposal of waste is not considered relevant to the project. No waste products caused by the implementation of the project were observed during the course of the field audit.

Conformance has been demonstrated.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3.2 Local Stakeholder Consultation:

1. The Local Stakeholder Consultation (LSC) shall be conducted in accordance with 'A/R Guidelines - LSC'.

Invitation of Stakeholders

2. The project owner shall proactively invite The Gold Standard Secretariat and the stakeholders, including all *Gold Standard NGO Supporters*[1] active in the host country of the project, to provide comments on the proposed project in accordance with the guidelines provided in 'A/R Guidelines - LSC'.

Notice to Designated National Authority and National Focal Point

3. The *Designated National Authority (DNA)*[2] or *National Focal Point*[3] shall be notified about the existence of the project.

Findings from Field Audit			
The LSC meetings were considered open to the public, and a record of specific individuals and organizations formally invited is included in the project's LSC documentation. The main groups invited to the LSC meetings included, Baguia Tree Farmers, non-participating locals, Baguia Sub-District Administration, Baucau District Administration, Department of Agriculture, Police, National NGOs, and International NGOs. Invitations reached groups and individuals through "word of mouth" including trough Village Chiefs, school networks, and church networks. Individual invitations were distributed to key individuals and members of the community such as District Administration and government representatives. Groups and individuals outside of the district were also emailed a notification of the LSC meetings. Included on the list of those invited to the LSC meetings was the Gold Standard Foundation Regional Manager from the Singapore office. The auditors were not able to locate a Designated National Authority (DNA) for Timor Leste on the UNFCCC website. It is not clear if the project notified the National Focal Point for Timor Leste from the UNFCCC, but such an individual does appear to exist based on internet searches of the Green Climate Fund. See CAR 03/16. The project has conducted other consultation efforts regarding the project beyond the four main LSC meetings held. The LSC documentation describes various meetings with officials in Dili, meetings with international agencies etc. that were carried out to inform as many groups and individuals about the project and to garnish wide spread support of the project.			
Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	**CAR 03/16**		

Timeline

4. The LSC should be conducted prior to the planting start date. If the LSC is conducted after the planting start date, the project owner shall provide further explanation of how comments received during the LSC are taken into account in the project.

Findings from Field Audit			
The four formal LSC meetings held indeed took place after the project's planting start date. The LSC documentation however demonstrates that all comments received during the LSC meetings were taken into consideration, and responded to by the project. The LSC documents include, minutes recorded from the meetings, comments received and the project's response, and adjustments made to the project based on the comments received. This documentation demonstrates that the project did in fact take into consideration comments received during the LSC process, and that adjustment to the project were made. This is consistent with information gathered during stakeholder interviews, where participating farmers indicated their input during consultation meetings was listened to and considered for improvements to the overall project. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Public consultation meeting

5. The LSC shall include at least one public in-person meeting, which shall be open to anyone willing to attend and which shall be conducted in accordance with the guidelines provided in this document.

Findings from Field Audit			
The project's Local Stakeholder Consultation (LSC) documentation describes how there were four formal consultation meetings held across the sub-district of Baguia regarding the development and implementation of the project. Due to the limited amount of motorized transport, and fact that most members of the community travel on foot, four formal meetings allowed for a minimum walking distance for those attending and would also help to facilitate greater participation. The four LSC meetings held included: • Afaloikai: 11 May 2014 • Hae-konis 11 June 2014 • Samalari: 11 July 2015 • Entire Sub-District Meeting in village of Baguia: 15 November 2014 Each of the LSC meetings are said to have been officially sanctioned by the sub-district administrator, attended by the Chief of the respective village, community elders, farmers – both male and female, and young and old members of the communities. Details on the meeting agenda, number of participants etc. The meetings were conducted in the Tetun language and facilitated by Ho Musan Ida. Key agenda items covered in each of the LSC meetings included; Introductions and background on the program, description of the project, Gold Standard and carbon certification process, the project's Sustainable Development Matrix and Do-No-Harm assessment, Input and Grievance method, and an opportunity for questions. A documented record of the Sub-District of Baguia meeting held in November 2015 was created, including written responses from the four LSCs being taken into consideration. All participating farmers interviewed over the course of the field audit confirmed their participation in one of the LSC meetings, and that they were well informed of the project before making the voluntary decision to join into the project. Attendance lists from the LSC meetings are included within the project's LSC documentation. General summary information on the responses received during the LSC meetings are also provided, as are photos from the LSC meetings, minutes recorded from the meetings, comments received and the project's response, and adjustments made based on the comments received. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Input & Grievance Mechanism

6. Projects applying The Gold Standard 'A/R Requirements' shall have a formal input and grievance mechanism in place in accordance with the chapter 'Input & Grievance Mechanism'. This mechanism shall be described during the LSC.

Findings from Field Audit			
It is clear from the LSC documentation provided that the project's Input and Grievance method was described during the LSC meetings, as it was a specific agenda item covered. The method was discussed, and interactions during the meetings determined ways for people to make suggestions to improve the program and raise concerns to be addressed by the project. A summary of comments received during the LSC meetings is included within the LSC documentation, as is the projects explanation as to how the comment has been or will be addressed during project implementation. During the meetings with Farmer groups held in the field, it was evident the participating farmers were able to provide any inputs and grievances to the project and they understood the basic mechanism in-place. Interviewed farmers consistently said that they would collectively discuss any concerns or grievances with regards to the project, come up with a proposed solution on their own, and then bring the concern and/or grievance forward to the Ho Musan Ida team – along with their proposed solution to be addressed. No such grievances were brought to the attention of the auditors or reported by Ho Musan Ida staff. With regards to the Ho Musan Ida team, weekly meetings are held with all staff, during which any inputs and grievances can be discussed. It was clear during interviews with the team, that these weekly meetings were a time where individuals could raise any concerns with regard to their position, or with the project as a whole. However, it is not clear if a formal documented Input and Grievance mechanism is in place, or what means will be used to track a List of Inputs and Grievances received as part of the annual reporting process required by GS. This is not considered to represent a conformance issue at this time, and it rather being raised as a forward action request (FAR). See FAR 03/16.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 03/16**		

Documentation

7. The LSC documentation shall be prepared using the 'LSC' template and in accordance with the guidelines provided in this document. The documentation shall include the outcome from the physical meeting(s) and feedback received via other means, and it shall be submitted for the Pre-Feasibility Assessment.

Findings from Field Audit			
The WithOneSeed LSC documentation provides utilizes the LSC template and the consultation process described, and confirmed during interviews with key project staff follows the GS guidelines. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Confidentiality

8. The LSC documentation shall be made publicly available on The Gold Standard Registry once the project is 'listed'. Prior to being 'listed', only The Gold Standard Secretariat and Technical Advisory Committee shall be able to access the documentation.

Findings from Field Audit			
The project has not been formally registered under GS. It is assumed that upon approval of the project's initial certification to the GS, and registration under the GS is formalized, the LSC documentation will be made publically available on the Gold Standard Registry as required.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Sustainable Development Assessment

9. Part of the LSC is the *Sustainable Development Assessment*, which makes use of the table below. This table, also called the 'SD Matrix', provides a general overview and a rating of the sustainability impacts of a project, together with a list of *mitigation measures* that relate to these impacts.

   The *Sustainable Development Assessment* shall show that the project, at a minimum, contributes positively to two of the three indicator categories (Environmental, Social Development, Economic & Technical Development) and is neutral in the third category. All individual indicators are given the same weight.

10. For each indicator describe briefly what the without project scenario (baseline scenario) would be and what the situation you aim for in the project is. Based on this description of the baseline and targeted values of your parameters, score each indicator 'negative (-1)', 'positive (+1)' or 'neutral (0)' in comparison with the baseline situation.

11. Negative (-1) indicators can potentially be 'neutralised' with *mitigation measures*. These *mitigation measures* shall then be monitored under the chapter '3.5 Sustainability Monitoring Plan'. All indicators that score positive (+1) or negative (-1) shall also be monitored.

Indicator	Description and Score	Mitigation measure
	• Negative impact: o score negative (-1) if the negative impact on the indicator is not fully mitigated o score neutral (0) if the impact on the indicator is or is planned to be fully mitigated • No change in impact: score neutral (0) • Positive impact: score positive (+1)	Where relevant, describe *mitigation measures* used to neutralise a negative (-1) score
Environment		
1. Air quality		
2. Water quality and quantity		
3. Soil condition		
4. Other pollutants		
5. Biodiversity		
Social Development		
6. Quality of employment		
7. Livelihood of the poor		
8. Access to affordable and clean energy services		
9. Human and institutional capacity		
Economic & Technical Development		
10. Quantitative employment and income generation		
11. Access to investment		
12. Technology transfer and technological self-reliance		

Findings from Field Audit

The project has completed the Sustainable Development Assessment utilizing the GS template as required. Findings for each of the indicators are as follows.

Environmental:

1. Air Quality (Score: 0): The project asserts that while there may be some improvements to air quality as a result of the project activities, any improvements are expected to be insignificant and immeasurable. With regards to baseline conditions of air quality, the project cites a World Bank study that identifies the outdoor air quality as relatively good due to the low levels of industrial activity and low amount of vehicle traffic – particularly in rural areas. The auditors accept the score of 0 that has been assigned, and no mitigation measures are required.
2. Water Quality and Quantity (Score: 0): The project expects that over the project lifetime there will be some improvements

to water quality and quantity, but that any such improvements caused by the reforestation efforts will not be easily measurable and is not a specific intended outcome of the project. Little information on baseline conditions of water quality/quantity in the project area is said to exist, but it is evident that heavy rains causes erosion and increase runoff of pollutants into waterways. The effects of erosion are exacerbated by the historic forest cover lost that has occurred throughout the project area and Timor Leste as a whole. The project also describes, with supporting references cited, the lack of safe drinking water that was observed on-site, as well as the non-existing sewage systems, and poor systems for the handling of waste water which negatively impact ground water. The auditors accept the score of 0 that has been assigned and no mitigation measures are required.

3. Soil Condition (Score: 0): The project expects there will be some improvements to soil health as a result of the project, but again, it will be difficult to measure and is not a specific intended outcome of the project. Regarding baseline soil conditions, soil erosion and degradation are considered issues in the project area and given the steep terrain, historic loss of forest cover, heavy rain events erode soils aware, contribute to landslides, and decrease agricultural productions. The auditors accept the score of 0 that has been assigned and no mitigation measures are required.
4. Other Pollutants (Score: 0): With regards to other pollutants, the project has simply stated that the WithOneSeed program will have no outcome related to pollutants. While the project has not really described the without project scenario (baseline scenario) and the situation the project aims for as required by the GS, the auditors concur that this indicator is not relevant to the project, and the score of 0 is accepted.
5. Biodiversity (Score: 0): The project expects there to be some amount of improvements to biodiversity as a result of the reforestation efforts, but it is not identified as a specific intended outcome of the project. Some flora and fauna species that relay on forest cover in Timor Leste are threatened by forest cover loss, and historic levels of deforestation has caused losses to biodiversity. The auditors accept the score of 0 that has been assigned and no mitigation measures are required.

Social Development

6. Quality of Employment (Score: 0): Payment to farmers for the planting and maintenance of trees is not only expected to improve the environmental, social and economic values of individual's farms, but is also expected to improve the quality of employment, as the farmers will gain more education, skills, and knowledge to support the projects tree/forest management practices. The project has provided access to training in Agroforestry through the Masters Tree Growers program, and information on permaculture. The score for this indicator could arguably be assigned as (+), but the auditors accept the score of 0, and no mitigation measures are required.
7. Livelihood of the Poor (Score: +1): The project's payment to farmers for the planting and maintenance of trees is considered a new income mechanism and is certainly expected to improve the livelihoods of poor communities of Baguia. Currently around half of the people in Timor Leste live below the poverty line which is $1.25, and rural areas like Baguia have higher poverty rates compared to urban areas. The project has already been paying farmers 50 cents per newly planted tree, and 50 cents annually for maintained trees since the project start in 2010, and certification under the GS will ensure these improvements to the participating farmer's livelihoods will continue through the life of the project. The auditors accept the score of + that has been assigned, and no mitigation measures are required.
8. Access to Affordable and Clean Energy Services (Score: 0): With regards to this indicator, the project has simply stated that it is not relevant to the WithOneSeed program. While the project has not really described the without project scenario (baseline scenario) and the situation the project aims for as required by the GS, the auditors concur that this indicator is not relevant to the project, and the score of 0 is accepted.
9. Human and Institutional Capacity (Score: 0): The project aims to increase the agroforestry and permaculture skills and knowledge of the Ho Musan Ida staff and participating farmers through various training programs and mentoring. Little to no formal educational and training in these areas have been available to adult members of the community and nearly half of the adult population is illiterate. The project cites how as a result of the Indonesian occupation a generation of farming knowledge has basically been lost. The auditors accept the score of + that has been assigned, and no mitigation measures are required.

Economic and Technical Development

10. Quantitative Employment and Income Generation (Score: 0): The program does not consider that it will have any substantial impact on the number of people employed as a result of the tree planting and management activities, which is reasonable given the definition of employment being considered by the project. The participating farmers are not considered employed by the project, though the auditor recognizes the project does employ the 8 Ho Musan Ida staff. The project's payment to farmers for the planting and maintenance of trees is considered a new income mechanism and is certainly expected to improve the livelihoods of poor communities of Baguia. Currently around half of the people in Timor Leste live below the poverty line which is $1.25, and rural areas like Baguia have higher poverty rates compared to urban areas. The project has already been paying farmers 50 cents per newly planted tree, and 50 cents annually for

maintained trees since the project start in 2010, and certification under the GS will ensure these improvements to the participating farmer's livelihoods will continue through the life of the project. The auditors accept the score of 0 that has been assigned, and no mitigation measures are required.

11. Access to Investment (Score: 0): The project describes how it will be funded primarily through the sale of carbon credits under the GS program that are generated through the sequestration of carbon through reforestation activities, which in turn will cover the operation and management costs of the program. Climate and Social bonds are said to be possible explored by the project in the future to improve the overall climate change initiatives being taken in Timor Leste. While the project documentation doesn't really describe access to investment in the baseline conditions, interviews confirmed that there is little to now access to investment for the rural community members of Baguia.
12. Technology Transfer and Technological Self-Reliance (Score: 0): For this indicator the project simply states that it is not applicable since there is no technology transfer involved in the project, and a score of 0 has been assigned. The auditors however consider this indicator to be relevant, and basic technologies related to nursery establishment and maintenance, tree growing technics, tree monitoring technics are involved in the project. See CAR 04/15.

Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	CAR 04/15		

3.3 Inputs and Grievances:

1. The project owner shall establish an 'Input & Grievance Mechanism' in accordance with the 'A/R Guidelines - Input & Grievance Mechanism'.

Findings from Field Audit			
As indicated in the GS, Chapter 3.3 Inputs and Grievance Mechanism, these requirements are not applicable for initial certifications as project's are just beginning. For the WithOneSeed project, the project's planting activities began in 2010, and therefore is it considered relevant for the project to have an Input and Grievance Mechanism, and to report on any inputs & grievances received since the inception of the project. During the meetings with Farmer groups held in the field, it was evident the participating farmers were able to provide any inputs and grievances to the project and they understood the basic mechanism in-place. Interviewed farmers consistently said that they would collectively discuss any concerns or grievances with regards to the project, come up with a proposed solution on their own, and then bring the concern and/or grievance forward to the Ho Musan Ida team – along with their proposed solution to be addressed. No such grievances were brought to the attention of the auditors or reported by Ho Musan Ida staff. With regards to the Ho Musan Ida team, weekly meetings are held with all staff, during which any inputs and grievances can be discussed. It was clear during interviews with the team, that these weekly meetings were a time where individuals could raise any concerns with regard to their position, or with the project as a whole. However, it is not clear if a formal documented Input and Grievance mechanism is in place, or what means will be used to track a List of Inputs and Grievances received as part of the annual reporting process required by GS. This is not considered to represent a conformance issue at this time, and it rather being raised as a forward action request (FAR). See FAR 03/16.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 03/16**		

3.4 Sustainability Monitoring Plan

1. The project owner shall use the table below to define the monitoring for the *mitigation measures* identified in the chapters '3.1 Do-No-Harm Assessment' and '3.2 Local Stakeholder Consultation'.

2. The selected parameters shall be practical to measure and be relevant to the *mitigation measure*.

The table format for the 'Sustainability Monitoring Plan' is provided below. A separate table should be prepared for each of the parameters to be monitored.

Sustainability Monitoring ID		
Indicator for		
Mitigation measure		
Chosen parameter		
Current situation of parameter		
Estimation of baseline situation of parameter		
Target for parameter		
Monitoring	How will it be monitored and documented?	
	Who is responsible for monitoring and documentation?	
	When will it be monitored (duration and frequency)?	

Findings from Field Audit
With the exception of the minor issues noted in the project's Do-No-Harm assessment noted in the findings above in section 3.1 of this report, the auditors have accepted the results. Based on the assessment, there are no elements where a medium or high risk of future nonconformance have been identified, and therefore there are no aspects of the Do-No-Harm assessment that are required to be covered in the project's Sustainability Monitoring Plan. Based on the project's Local Stakeholder Consultation (LSC) documentation, only two indicators under the Environment, Social Development and Economic and Technical Development categories were given a negative rating and therefore were required to be included in the project's Sustainability Monitoring Plan. These elements include: <u>Livelihood of the Poor (ID: 01):</u> The identified mitigation measure for this Indicator is that as a result of the project's certification to the Gold Standard, there will be increased income for subsistence farmers participating in the project. The parameter to monitor this indicator, record keeping of payments made to the farmer, is considered to be a practical and relevant to the monitoring of this mitigation measure. The project describes the current situation of the livelihood of the poor, and cites how close to half of the population of Timor Lest lives below the poverty line, which is $1.25 a day. As described in the project's Sustainability Monitoring Plan, each year, participating farmers are provided trees through the program, and once planted, the trees are recorded and marked with GPS by Ho Musan Ida staff. The locations of all trees planted and maintained from previous years are also marked and recorded with GPS. This information is gathered annually and compared against the program's records of the number of trees allocated to each individual farmer. Farmers who plant new trees, and successfully maintain trees planted in previous years, are then paid for the number of planted trees they have managed to keep alive. Current payment is 50 cents per tree per year that the planted trees are maintained. The program provides up to 500 trees per individual farmer, resulting in a potential increased annual income of $250 if all of their trees are well managed and surviving. These payments therefore have the potential to result in a significant contribution to the participating subsistence farmer's income as would be expected to be available in absence of the project. Annual monitoring of the payments made to individual farmers based on the project tree stocks on their lands is recorded and allows the WithOneSeed program to analysis project incomes received across the 10 participating villages and to the community as a whole across the sub district of Baguia. The WithOneSeed project manager is responsible for farmer payment, and the associated records are maintained at the Ho Masum Ida office. The auditor reviewed various records in the field, including

records regarding the number of seedlings distributed to individual farmers from the project's nurseries, number of planted/maintained trees marked recorded by GPS on individual farmer lands, and records of annual payments made by WithOneSeed to participating farmers. The record of payment documents are intended to be signed by the head of Ho Musan Ida of behalf of the project, the individual farmers, and the local Sub District Administrator. While stakeholder interviews did not reveal any concerns from farmers regarding a lack of payment, the Sub District Administrator had not signed the record of payment documents for the most recent payments (e.g. 2015 annual payments). The Sub District Administrator verbally told the auditors he is committed to signing these documents, but has not had the time to sign giving his various and wide spreading responsibilities. See FAR 04/16.

Human and Institutional Capacity (ID 02):
The identified mitigation measure for this Indicator is that a series of skill development programs and training will be implemented throughout the duration of the project. The parameter to monitor this indicator, recordkeeping of the number of training events and people attending is considered to be a practical and relevant to the monitoring of this mitigation measure. The project describes how little if any formal or informal education and training programs have been provided to adult members of the community over the past 25 years where about half of the adult population is unable to read. This information is consistent with discussions held with project staff during the field audit.

As described in the project's Sustainability Monitoring Plan, the Indonesian occupation essentially resulted in a generation of farming knowledge being lost with over 85% of education infrastructure having been destroyed during the occupation. The WithOneSeed program is clearly committed to delivering training and skills development activities to the communities of Baguia including training to farmers in agroforestry and permaculture. Associated training materials were shown to the auditors, and stakeholder interviews confirmed participating farmers received training on tree planting and maintenance. Ho Musan Ida staff also confirmed their participation in trainings including the Australian Master Tree Growers program that was delivered in Bagiua.

Annual monitoring of these training activities is said to be facilitated through self-evaluation forms that are to be completed by each participant in the training/skills development program. Data from the self-evaluations will be used to understand the impact of training on individual participants and the communities as a whole to help improve future training and development programs. The WithOneSeed project manager will responsible for maintaining the training record documentation. Documented evidence from such training and skills development programs were not however provided for auditor review. See CAR 05/16.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 04/16** **CAR 05/16**		

3.5 Legal Rights and Representation:

Secured Titles

1. For all project participants, the following information shall be provided:
   (a) Name and contact details
   (b) Each entity's legal registration number and documentation by the governing jurisdiction that proves that the entity is in good standing.

2. For the duration of the crediting period the project owner shall:
   (a) own the CO_2 user rights or carbon sequestration rights for the project area, AND
   (b) hold an uncontested legal land title for the project area, AND
   (c) own the rights for timber and non-timber forest products for the project area, AND
   (d) hold all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.), AND
   (e) participate in the financing of the project.

   If the project owner does not meet all of the above requirements, the persons or legal entities that do meet those respective requirements shall endorse the expected project being undertaken by the project owner through an agreement that aligns with the duration of the crediting period.

Findings from Field Audit
Xpand Foundation, registered with the Australian Charities and Not-for Profits Commission (ACNC) (Charity ABN 90158070476) is identified as the Project Owner. Andrew Mahar, CEO of Expand Foundation is the main contact, and appropriate contact details are provided in the project documentation. Demonstration that Xpand Foundation is the project owner was clear during the field audit, and the audit team was accompanied by Mr. Mahar throughout the course of the field audit. Xpand Foundation's legal registration number is provided in the project documents, and confirmed via online web searches. Findings covering requirements 2 a)-e) are as follows. a) The project asserts that Xpand Foundation is the entity that owns the carbon sequestration rights. While the tree planting takes place on individual farmer's privately held lands, land and resource tenure in Timor Leste is still being formalized after the Indonesian occupation during which relevant land tenure documentation was destroyed. Xpand Foundation's legal advisor in Timor Leste is said to have confirmed that the carbon sequestration rights in Timor Leste do not belong to the government, and rather reside with private landowners, including the participating farmers. Xpand Foundation is in the process of executing a Memorandum of Understanding (MOU) with the Timor Leste Ministry of Agriculture in order to further demonstrate the ownership of carbon sequestration resides with the participating farmers. It was expected that this MOU would be signed during a meeting held with the Ministry of Agriculture in which the auditors attended, but due to a government process formality, the has not been signed as of yet. Verbal commitment from the Ministry of Agriculture to sign the MOU was given to the auditors during this meeting. See FAR 05/16. Transfer of the carbon sequestration rights from individual farmers participating in the project to Xpand Foundation is achieved through the signing of the project's "Tree Agreement" which is a condition of participation for the WithOneSeed program. Copies of the project's Tree Agreement were provided in English and in Tetum for auditor review. A sample of signed Tree Agreements were reviewed while visiting the Ho Musan Ida office in the field, confirming this Agreement is in place with participating farmers. Further, the auditors questioned farmers during each village meeting on the Tree Agreement, and all indicated they were aware of the agreement and that they had voluntarily signed the agreement for participation in the project. In no cases did farmers indicate that they were forced into participating in the project, and all clearly indicated in was their own decision, with an understanding of the potential benefits of participation. b) As described under a) above, the tree planting takes place on individual farmer's privately held lands. Land and resource tenure in Timor Leste is still being formalized after the Indonesian occupation during which relevant land tenure documentation was destroyed. Stakeholder interviews, including discussions with Government Officials confirmed that the land title for the project's planting area resides with individual participating farmers. Transfer of the carbon sequestration rights from individual farmers participating in the project to Xpand Foundation is achieved through the

signing of the project's "Tree Agreement" which is a condition of participation for the WithOneSeed program. The project has provided a list of names and villages for each of the participating farmers that are currently enrolled in the project. A blank copy of the project's community statement supporting the ownership of land was provided for auditor review, as were examples of signed copies. c) As described above, the individual farmers participating in the WithOneSeed program own the rights to timber and non-timber forest products within the Sub District of Baguia Timor Teste. Transfer of the carbon sequestration rights from individual farmers participating in the project to Xpand Foundation is achieved through the signing of the project's "Tree Agreement" which is a condition of participation for the WithOneSeed program. The project has provided a list of names and villages for each of the participating farmers that are currently enrolled in the project. d) The project documentation indicates that the project owner, Xpand Foundation is the entity that holds all necessary permits to implement the project. It was clear in the field based on interviews with the Baguia Sub District Administrator, the Timor Leste Ministry of Forestry, and other prominent political figures that there is widespread support and endorsement of the project, and these interviews as well as discussions with the project manager assured the auditors that there were no required permits to implement the project activities. e) The project documentation indicates that the project owner, Xpand Foundation, is the entity that participates in the financing of the project. This was evident through interviews with key project staff during the course of the field audit. Further, a document outlining the overall structure of the WithOneSeed program acknowledges the financing of the project coming from Xpand Foundation. The financial well-being of Xpand Foundation to continue financing of the project was confirmed via online searches on the Australian Charities and Not-for Profits Commission website. The sale of carbon credits through the GS registry is also expected to provide ongoing financial support to project implementation over the project lifetime.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**FAR 05/16**		

Project Representatives

3. The project owner shall define the authorities of all project participants with respect of:
   (a) instructing The Gold Standard secretariat, AND
   (b) requesting or communicating the addition or edits of project participants, AND
   (c) receiving all information from The Gold Standard Secretariat on matters related to the project.

Findings from Field Audit			
The project documentation clearly identifies the project owner, Xpand Foundation, as having the authorities covering elements a) – c) of this requirement. This fact was supported during interviews with key project staff. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Terms & Conditions and Cover Letter

4. The project owner shall sign The 'Gold Standard Terms & Conditions' and the declarations of the 'Cover Letter'.

Findings from Field Audit			
Evidence of a copy of the Gold Standard Terms and Conditions and the declarations of the Cover Letter signed by the project owner were provided for auditor review. Both of these GS required documents were signed by the CEO of Xpand Foundation, Andrew Mahar, on 06 March 2016. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3.6 Risk Register:

Process for Initial Certification

- For the Initial Certification each of the following risks shall be assessed on their relevance to the project.
- If not relevant; the project owner shall provide a description of the non-relevance.
- If relevant; the project owner shall score the risk with regard to the viability of the project during the crediting period into the category *low*, *medium*, or *high*. The scoring shall be based on the likelihood of the risk occurring and the impact of that occurrence on the project during the crediting period.
- If the rating is *medium* or *high* the mitigation measure shall be described and implemented.

For the documentation, the project owner shall use the template 'Risk Register'.

The table format for the 'Risk Register' is provided below with risk topics.

Risk Topics	Risk score, based on likelihood and impact on the project	Mitigation measure
	high (+) medium (0) low (-) not relevant (/)	
Management qualifications in forestry, operations, finance, legal		
Workers qualifications in the technical implementation		
Technical equipment		
Financial means: complete and realistic income streams (investment, funding, co-funding, sales, etc.) and expenditure (administration, infrastructure, machines, labour, audits, unexpected expenditures, etc.)		
Water: drought, flood, hail, snow, heavy rains		
Wind: heavy wind, storms		
Animals: domestic, wild		
Fire: natural fires, fire management		
Diseases: insects, bacteria, viruses		
Temperatures: frost, heat		
Irregular resettlement or **illicit crop production**		
Exploitation of underground resources: mining, water, etc.		

Findings from Field Audit
The project has completed the GS Risk Register Assessment and assessed each of the risk relevant to the project. Findings pertaining to each required risk item are as follows: Management Qualifications (Risk Score: 0):

Xpand Foundation and the board is said to have significant experience in supporting social enterprises such as the WithOneSeed program. Advisors to the program are identified, and are considered to have relevant expertize and qualifications to facilitate the success of the program. Local operations are managed by Ho Musan Ida (WithOneSeed in local tetum language), headed by Senora Leopoldina Joana Guteras (Leo). Leo is a well-respected member of the community in Baguia as demonstrated throughout the field audit, and is responsible for management of the eight Ho Musan Ida staff members. The Ho Musan Ida team are responsible for management of the tree nurseries, support of the tree planting program, working with members of the Baguia Tree Cooperative, and record keeping associated with the project. The Ho Musan Ida field team leader has education qualifications in agriculture, and other members of the team have some level of relevant education and experience. All staff are from a subsistence farming background, were raised in the Sub District of Baguia, and demonstrated a knowledge of the environment and community dynamics in which the project is taking place. The WithOneSeed program has been working to engage the communities of Baguia in the program for over the past five years, and their ability to manage such an initiative was clearly demonstrated in the field, and supported by the fact there are over 350 participating farmers in the project to date. Capacity building efforts for project staff and community members such as the Australian Agroforestry Master Tree Grower program are an integral aspect of the project and such training and capacity building efforts are expected to continue throughout the project life. The risk score of 0 is accepted.

The project states that it focuses on mentoring as a mitigation measure to reduce risk to the program in general, and also to reduce turnover of project staff. Weekly staff meetings were confirmed to be held, and staff report on task and progress made during each meeting. It was clear during interviews with project staff that they are well engaged, and various tasks are rotated among staff members allowing for individuals to get a variety of work experience. There has only been a small amount of staff turnover since the inception of the program, and the actions taken to mitigate management risk appear to be effective.

<u>Worker Qualifications (Risk Score 0):</u>
The project acknowledges the key roles that participating farmers play in the project and their ability to properly implement the planting activities is essential to the project's success. Appropriate qualifications for workers are related to nursery management, agroforestry planning, monitoring activities, and record keeping. Project staff demonstrated knowledge of the nursery operations from seedling germination to delivery of seedlings to farmers. Seedlings observed in the nurseries visited were healthy and thriving. Project staff interviewed assist farmers in agroforestry planning, and tree planting locations on their lands to ensure it fits the needs of the project and the individual's needs. Staff have been trained on the project's monitoring activities including use of handheld GPS for tracking and recording the location of newly planted and surviving trees from previous years. One staff member is mainly assigned to the project's record keeping and could easily show the auditors the location of various documented records when requested. Farmers have participated in the Master Tree Growers program that was given as part of the project's capacity building efforts, and the auditors confirmed the topics they were given training on during interviews (seedling planting, brushing around seedlings, pruning etc.). Farmers also were able to easily direct the auditors to their tree plantings across their properties and were clearly in tune with where their trees had been planted. The risk score of 0 is accepted.

Ensuring adequate training and awareness of the program and its needs are cited as the mitigation measure to reduce risks related to the workers qualification category. Appropriate mitigation actions have been identified for participating farmers including the sourcing of quality seeds & forestry training through the Master Tree Growers program. For Workers, training and skills building has been implemented for nursery operations, tree planting, and monitoring activities. Farmers demonstrated an awareness of their responsibility in the project and confirmed participation in the Master Tree Growers program, and Workers were well aware of their responsibilities and demonstrated their ability to properly perform the various tasks assigned to them for implementation of the project. These actions taken to mitigate risks associated to workers qualification appear to be effective, and further, it is expected that ongoing training and capacity building efforts will continue throughout the life of the project.

<u>Technical Equipment (Risk Score: -):</u>
The project has made efforts to ensure that appropriate technology and equipment is available and utilized for the various tasks involved in project implementation. The technical equipment used for project implementation includes handheld GPS, a utility vehicle for transportation, water storage tanks, and basic hand equipment such as wheel barrows and machetes. Staff have been training on use of the GPS unit, and the water storage tanks were observed to be well build and functioning to ensure water availability to the nurseries. Monitoring and recording of newly planted trees and surviving trees has been well implemented, and is critical to ensure proper and ongoing payment to participating farmers. Further forest inventory activities are planned to confirm CO_2 fixation rates for the project and will be designed to there is statistically sound sampling to validate the growth curves being applied by the project. The utility vehicle owned by the project was observed to currently be under a state of disrepair, and it was clear that project staff felt it was important to be able to begin using the vehicle again as quickly as possible. While replacement parts were confirmed to be on order, the project should make all efforts to ensure the utility vehicle

is available for use and in good working condition as soon as possible. See OBS 02/16. The risk score of 0 is accepted.

Financial Means (Risk Score: +)
As described in the project documentation and during interviews with project staff, the financial model for the project is based on generating revenue from four main sources including; Sale of carbon credits through the GS program, Support from the Government of Timor Leste, Pro bono philanthropic contributions, and Social Enterprise initiatives. The project is expected to generate 570,000 CO2 Certificates (credits) under the GS program over the 30-year project life and this revenue is required to cover ongoing payments to participating farmers. Xpand Foundation is in the process of executing an MOU with the Government of Timor Leste, outlining the roles of the parties in the project, and other aspects such as formalizing the ownership of carbon sequestration to the farmers. Further, the Foundation is working with the Government around the need for Timor Leste to develop an INDC (Intended Nationally Determined Contributions) under the UNFCCC COP21 agreement in Paris. These efforts are expected to help ensure the viability of the WithOneSeed program, and demonstrate the Government's commitment to assisting with the country's environmental, social and economic position. Essentially 100% of the program's development over its first five years has been provided through Pro bono, philanthropic contributions to cover the development stage. This includes aspect such as legal advice, and technical consultation on carbon quantifications. Xpand Foundation is involved with several different Social Enterprise initiatives that have put revenues back into other socially focused initiatives. The WithOneBean enterprise works with Timorese coffee growers to produce responsibly grown coffee which is sold in the Australian market and surplus funds are returned to Timor Leste under Xpand Foundation's programs. The risk score of + is accepted.

The mitigation measure identified is basically the registration of the WithOneSeed project under the GS in order to obtain a continuous revenue stream from the sale of carbon offset credits. The auditors concur, and see this mitigation measure as a key way for the project to ensure its future financial success, and carbon finance to enable the reforestation activities was a key objective of the project from its inception.

Water (Risk Score: 0):
Droughts can impact the project area which can lead to an inadequate water supply to ensure the survival of plantings. Indeed, drought was cited as a perceived risk by the participating farmers. Water storage tanks have been established for ensuring an adequate water supply for nursery operations, and on-site observations found the planted seedlings, of various ages to be surviving quite well. Given the steep terrain of Baguia, flood risk is not considered significant, but heavy seasonal rains can cause landslides in the project area. The risk score of 0 is accepted.

The mitigation actions cited is basically the project activities and the planting of trees and reestablishment of forest cover. Tree planting will help reduce the likelihood and effect of landslides by stabilizing soils along slopes. Reestablishment of trees and eventually forest cover will also reduce water runoff and contribute to improved ground water storage.

Wind (Risk Score: 0):
High winds can impact Timor Leste and the country is fairly infrequently impacted by tropical cyclones (average of once per decade). The project cites appropriate literature with regards to their assessment of potential impacts to the project from high wind and cyclone events, and the risk score of 0 is accepted.

By growing native or non-native trees well adapted to the project site as a mitigation measure the project aims to reduce the potential damage to the project's trees that may be caused by wind events.

Animals (Risk Score: 0):
The project states that there is a moderate threat to seedlings in the nurseries from possums and rates, though no negative impacts from such pests were observed on-site or cited directly by project staff. The risk score of 0 is accepted.

Germinating seeds are protected by a mesh net that prohibits pests from entering the germination bed, and seedling beds are raised up off of the ground with barriers placed on the legs of the beds to prevent pests from climbing up and damaging the seedlings. Further project staff inspect the nurseries regularly. These mitigation measures were observed to be implemented in the field.

While the project has addressed risk from animals to seedlings in the nursery, it has not addressed potential risk from grazing animals to the planted trees on participating farmer properties. The risk of damage from grazing animals to project trees was cited as a potential risk from several farmers during interviews in the field. See CAR 06/16.

Fire (Risk Score: +):
The project cites appropriate data regarding occurrence of fire in Timor Leste, and indicates that some particular areas in Baguia have a high risk of unintentional and uncontrolled fires. Human initiated fire may pose a risk to project trees, with a likelihood of death in the first couple years following planting. Some species intended to be planted by the project may sprout back and recover from fire damage between ages 2-5, and survival is increased after age five. While no damage to project trees as a result of fire was observed on-site, the risk score of + is accepted.

Three mitigation measures to reduce the risk of fire are cited and are considered to be appropriate by the auditors. These include, establishment of fire breaks, fire management such as controlled burning, and fire education.

Diseases (Risk Score: 0):
The project references a few different pests/diseases that could have a negative impact to the planted trees including the invasive Giant African Snail, a seedling shoot borer that is known to impact S. macrophylla, and a fungal pathogen that has the potential to impact E. urophylla. While on one farmer's property the Giant African Snail was observed to be present, negative impacts from of the cited diseases were not observed to have any significant impact to either the seedlings in the nurseries, or to trees of various ages planted on farmer's lands. The risk score of 0 is accepted.

The project's nurseries are constructed in a way to protect the germinating and young seedlings from diseases. Seedlings first start out in full shade under a roof, and germination areas are protected with a mesh net. Seedlings are then moved onto a raised bed that is partially shaded by coconut leaves, and routinely inspected by project staff. After a few months seedlings are moved onto another raised bed exposed to full sun. If any Giant African Snails are found they are removed and killed. Pruning for the first 3 years after planting to reduce the potential of damage caused by the shoot borer, and it was evident in the field that trees 3 years or older had been pruned. The only mitigation strategy for E. urophylla is cited to be the use of resistant germplasm; to date the project has only planted S. macropyhlla.

Temperatures (Risk Score: -):
The temperature in Timor Leste is considered to be fairly stable, and there are no occurrences of freezing temperate or frost. The average temperatures in Bagia according to cited references are between 30 – 20 degrees Celsius, and there are relatively few days with extreme heat. Further the project is planting tree species well adapted to the site. The risk score of - is accepted, and no mitigation measures are required.

Exploitation of Underground Resources (Risk Score: -):
Exploitation of mineral and water resources are addressed in the project's risk registry as follows. Baguia is said to have significant manganese deposits, but asserts that there is low risk that the planting areas will be disturbed by exploitation of this resource. Mining of metallic metals such as gold and silver is also considered high risk in Timor Leste. The project doesn't however fully justify the exploitation of mineral resources as low risk, and doesn't address ownership of subsurface minerals on the project area. See CAR 07/16.

The project indicates that the Bacucau district, where the project is located, is projected to have an increased drought period high groundwater vulnerability. However, the tree planting activities involved in the project are expected to reduce surface runoff and assist with replenishment of underground water resources thus contributing to the health of the local hydrological systems.

Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	OBS 02/16 CAR 06/16		

4.0 Additionality:

Option 1 - A/R CDM Tools

1. The project shall meet the additionality requirements of the latest version of the A/R CDM '*Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities*'.
   Link: http://cdm.unfccc.int/methodologies/ARmethodologies/tools/

   The CDM specific terms of the A/R CDM additionality tool (tCERs, A/R CDM project, etc.) shall be interpreted within The Gold Standard context.

   The '*Guideline on the assessment of investment analysis*' and the '*Guidelines for objective demonstration and assessment of barriers*' can be used.
   Link: http://cdm.unfccc.int/Reference/Guidclarif/index.html

Findings from Field Audit			
Based on the project's additionality documentation, it has opted for Option 2 – Positive List for the demonstration of the project's additionality.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		

Option 2 - Positive List

Findings from Field Audit			
The project has demonstrated additionality by fulfilling requirements a) – c), as well as g). Findings pertaining to each are as follows: a) The project is located in Timor Leste which is defined as a Less Developed Country and is said to have a UNDP Human Development Indicator of 0.620, below the required score of 0.8. These facts were confirmed through online searches and check of the references cited in the project documentation. The current HDI score for Timor Leste was however found to be 0.595, but obviously can change over time. b) The project asserts that it has no intention of creating a forest for commercial use of timber or non-timber forest products. It does however acknowledge that as a community based forestry project, it is expected that households may utilize some amounts of timber for personal firewood or building purposes, but that there is an expectation that any trees removed will be replaced. Such uses are not considered commercial. During some interviews, it became evident that there was some miss understanding on the part of some participating farmers on the restriction from harvesting project trees over the life of the project. This was promptly addressed by project staff after the interviews, but continued re-enforcement of this requirement may be necessary. See findings associated with section 3.36 (water resources) of this report and OBS 01/16. c) The project asserts that there are no laws in Timor Leste requiring tree planting. While no references supporting this assertion are offered in the project documents, this assertion was supporting during interviews with Government Officials. G) Timor Leste is identified as a Small Island Developing State (SIDS), as confirmed through online searches and checks of the references cited by the project. Conformance has been demonstrated and the project is considered additional under the GS program.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS 01/16		

Retroactive submission

3. If the submission to the Pre-Feasibility Assessment was after the planting start, the project owner shall demonstrate that
   (a) the revenues from CO_2-certificates were seriously considered in the decision to implement the project, AND
   (b) there was continuous interest in CO_2-certificates for the project in parallel with its implementation.

   Evidence to support this can include: contracts, draft versions of project information, correspondence with financial institutions or other stakeholders, minutes and notes of meetings, agreements or negotiations with auditors, publications in newspapers.

   For Option 1, this replaces requirement 7 of the '*Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities*'.

Findings from Field Audit			
The project's planting start date (2010) was indeed after the date the project was submitted for the Pre-Feasibility Assessment under the GS. The project asserts that Xpand Foundation originally conceived the project to deliver on 2 key issues for the peoples of Timor Leste including; poverty alleviation, and climate change. The project's original structure was always based on direct payment to farmers who plant and maintain trees. In fact, the annual payment level to farmers (50 cents per tree per year) was based on estimated rates of carbon sequestration for the project and the price of carbon in the Australian emissions trading scheme at the time ($23/tCO2e). The project acknowledges that they have received significant philanthropic donations to get the project off the ground, but that revenues from carbon credits were taken into consideration in the beginning. The original title for the project had actually been "Carbonxchange." Based on interviews with the project owner and supporting documentation provided, the auditors were assured that revenues from carbon were seriously considered in the decision to implement the project. The project also asserts that there was continuous interest in CO2 certificates for funding of the project throughout its implementation. Xpand Foundation engaged with its carbon advisor, RAMP Carbon in 2014 and supporting references show that the intention was to use carbon markets to provide long term funding for the program's implementation. Further, discussions with the project owner confirmed that initially they had been considering registration under the Plan Vivo standards, but ultimately decided to seek registration under the GS, further supporting the fact that there was continuous interest in revenues from carbon over the first five years of the project. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

No Deforestation

4. The planting area shall not have been *forest*[3] for at least 10 years prior to the planting start, OR

   If the planting area was deforested during the 10 years prior to the planting start, the eligibility of the project shall be determined by The Gold Standard Secretariat. This will be done as part of the Pre-Feasibility Assessment.

Findings from Field Audit
The auditors were given a web-based demonstration on the project's GIS mapping exercise carried out to ensure that the planting areas in which the project's tree planting activities are taking place had not been forested for at least 10 years prior to the time of planting. Remote sensing data from 200 was used to determine the locations of croplands and grasslands in Baguia and subsequently the locations of the eligible planting areas where trees have been planted by farmers. Summary information

of this process is provided in the project's Additionality and Methodology (baseline section) documentation and is considered to follow good practices. On-site observations of the project's planting sites confirmed that the immediate surrounding areas remained under non-forested conditions. Further, interviews with farmers during each of the community meetings confirmed that the tree planting areas on participating farmer's lands had been under non-forest land uses for over ten years, often for generations. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	**None**		

5. Methodology

5.1 Applicability

The project area shall meet all of the requirements below for this methodology to be applicable for the calculation of CO_2-certificates from the project.

1. Areas shall not be on ***wetlands***[1].
2. Areas with ***organic soils*** shall not be drained or irrigated (except for irrigation for planting).
3. Soil disturbance (through ploughing, digging of pits, stump removals, infrastructure, etc.) on ***organic soils***[2] shall be in less than 10% of the area that is submitted to certification (not 10% of the entire project area).
4. The most likely scenario without the project (baseline scenario) shall be defined for the project area. This scenario shall not show any *significant*[3] increase of the Baseline biomass ('tree' and 'non-tree').

Findings from Field Audit
Based on the project's land use mapping exercise carried out, data from the year 2000 to determine project eligibility some areas were identified as "wet arable areas" (e.g. rice paddies) as is presented in the project maps. Some of the participating farmers had already planted in these areas at the time the land use analysis was carried out, so to address the question on whether or not these particular farms and plantings occurred on wetlands, site visits were carried out to confirm these areas were no longer rice crop areas. Photos from the field confirmations made by the project were provided and support that these questionable areas were in fact not considered wetlands. Based on on-site observations, the majority of the project's planting areas were on hill or mountainsides away from the valleys where wetland features are more commonly found. Indeed, none of the farmer properties sampled were to be on, or contain any wetland features. Based on the project's land use mapping exercise and supported by on-site observations the auditors have found that the project's planting areas are not located on wetlands. The project's assessment of soils across the project area found that the majority of the project area includes clay soils, namely tropepts and udert soils. The occurrence of organic soils is not considered to be found on the project area and supporting references are cited. Indeed, no such organic soils were observed over the course of the field audit, and the project does not involve any draining or irrigation of soils. As indicated above, the project's soil assessment determined that the soils on the project area are mainly clay soils and not classified as soils with high organic content. Further, the planting activities involve minimal disturbance to soil where planting takes place. There is no site mechanical site preparation such as ploughing or ripping, and all seedlings are manually planted in small holes dug out with a stick by hand. The project makes reference to the national definition of forest in Timor Leste which are defined as "Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land predominately under agricultural or urban land use." Supporting references are cited

and this definition was confirmed through online checks.

The baseline scenario identified for the project is defined as continued business as usual agricultural practices (slash and burn cropping) and further deforestation and degradation for firewood collection and timber collection. The project asserts that without its intervention, overall vegetation cover would not increase within the Baguia sub-district. Supporting references confirmed that there was a 30% decrease in forest cover in Timor Leste during the period of 1972 to 1999, and that only 16% of the land base is represented by forest. Reasons for continued loss of forest cover are cited including over use by subsistence farmers, lack of national sustainable forestry policy, and continued population increases. Under the baseline scenario it is expected there would not be any increase in baseline biomass, and that rather there would be a continued decline in biomass considering the annual deforestation rate of approximately 1.1%.

The defined baseline was confirmed over the course of the field audit. During each village meetings with the participating farmers, all confirmed that if the project had not given them the incentive to plant trees through the WithOneSeed program, they would have continued to raise agricultural crops on the areas in which they have planted trees. This baseline scenario is considered credible and the most likely land use scenario under the without project scenario.

Conformance has been demonstrated.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

5.2 Conversion Factors:

1. *Conversion factors* shall be determined at the level of a Modelling Unit:
   (a) Wood Density
   (b) Biomass Expansion Factor
   (c) Root-to-Shoot ratio

   All factors shall be based on the best available scientific sources.

Findings from Field Audit
The project is utilizing appropriate, scientifically based biomass allometric equations to model the growth of the tree species planted (currently only *Swietenia macrophylla*) on the projects MUs. A range of biomass allometric equations for each species were assessed by the project, and representative and more conservative selections were found to have been made. For the allometric equation used for *Swietenia macrophylla* (Adinugroho and Sidiyasa (2006)), A biomass expansion factor and wood density factor was not required to be determined as these factors are already included within the biomass equation applied for this species. A root-to-shoot value of 0.2 was applied, which is based on the supporting reference provided (Sales et al. (2005)) which is based on estimates for small holder tree farms of *Swietenia macrophylla* in the Philippines. Conformance has been demonstrated.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Conservative Approach

2. When aggregated together, the factors shall lead to a conservative calculation approach. This means that in the consideration and calculation of uncertainties:
   (a) the CO_2-Fixation shall not be overestimated, AND
   (b) the Baseline and Leakage shall not be underestimated.

Findings from Field Audit			
The auditors determined that the overall carbon quantifications calculated by the project have applied a conservative approach, as described throughout the findings of this report. The approach taken to define the eligible planting area is considered conservative and does not lead to an overestimation of the project's carbon sequestration levels. Leakage under the four leakage categories addressed by the GS (collection of firewood, timber harvesting, agriculture, livestock) are appropriately assumed to be zero. See detailed findings on leakage in section 5.6 of this report. The auditors consider the project's baseline determination as the most likely land use scenario that would have occurred in absence of the project, and the project has justified the baseline carbon stocking levels applied. See detailed findings on baseline carbon stocks in section 5.5 of this report below. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Default Factors

3. The following ***default factors*** shall be used for all conversions:
   - (a) 0.5 [tC/tdm] as the 'Carbon fraction' for 'tree biomass'
   - (b) 0.4 [tC/tdm] as the 'Carbon fraction' for 'non-tree biomass'
   - (c) $^{44}/_{12}$ [tCO_2/tC] is used to convert 'C to CO_2'

Findings from Field Audit			
The auditors reviewed the *ex-ante* calculation of baseline and project emission reductions and removals, and confirmed the project's Co2 fixation and quantification worksheets utilize the correct default conversion factors identified by the standard (see Baseline Carbon Stock tab of document #36.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

4. The following ***default factors*** shall be used when no rigorous scientific information is available:

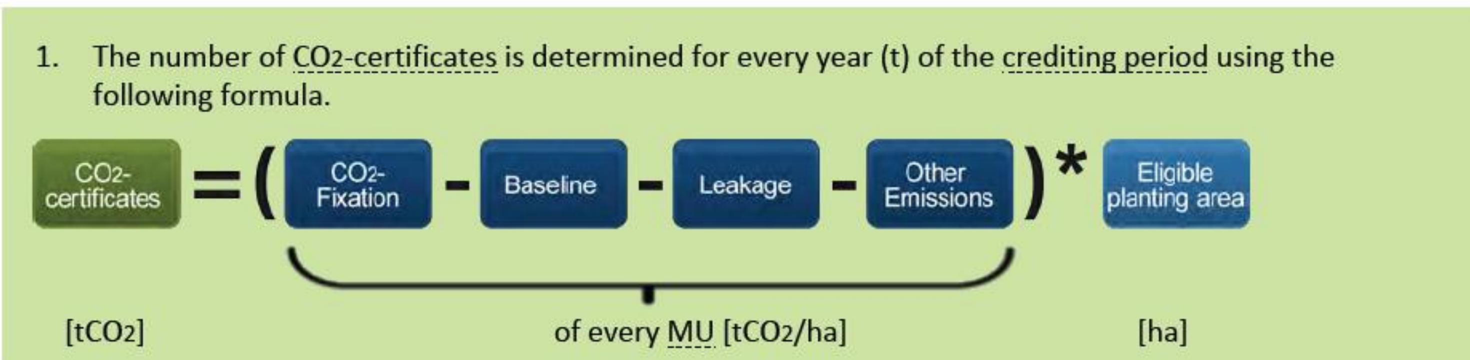
   For the parameters of CO_2-Fixation:
   - (a) 0.3 [tdm/m^3] Wood density
   - (b) 1.1 [ ] BEF
   - (c) 0.2 [ ] Root-to-Shoot ratio for 'tree biomass'

   For the parameters of Baseline or Leakage:
   - (d) 0.7 [tdm/m^3] Wood density
   - (e) 3.5 [ ] BEF
   - (f) 0.8 [ ] Root-to-Shoot ratio for 'tree biomass'
   - (g) 4.0 [ ] Root-to-Shoot ratio for 'non-tree biomass'

Findings from Field Audit
The project is utilizing appropriate, scientifically based biomass allometric equations to model the growth of the tree species planted (currently only *Swietenia macrophylla*) on the projects MUs. A range of biomass allometric equations for each species were assessed by the project, and representative and more conservative selections were found to have been made. For the allometric equation used for *Swietenia macrophylla* (Adinugroho and Sidiyasa (2006)), A biomass expansion factor and wood density factor was not required to be determined as these factors are already included within the biomass equation applied for this species. A root-to-shoot value of 0.2 was applied, which is based on the supporting reference provided (Sales et al. (2005)) which is based on estimates for small holder tree farms of *Swietenia macrophylla* in the Philippines, and is also consistent with the Root-to-Shoot value for tree biomass recommended by GS.

The presence of tree biomass in the baseline scenario is not applicable as described in detail under section 5.7.4 of this report below. Leakage under the four leakage categories addressed by the GS (collection of firewood, timber harvesting, agriculture, livestock) are appropriately assumed to be zero. See detailed findings on leakage in section 5.6 of this report. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

5.3 Calculation of C02 Certificates



Findings from Field Audit			
The project's calculations of CO2 certificates were determined to follow the formula required by GS. The auditors reviewed the project's carbon quantification spreadsheets in detail, and were also given a web-based demonstration of the functionality of the calculation spreadsheets. The project has also produced a GHG Accounting and Monitoring Guide which summarizes the overall carbon/CO2 certificate quantification processes applied which meet the requirements of the standard. The number of validated CO2 Certificates generated over the course of the first 5 years of the project is 4,698 tCO2e. The project also projects it will generate a total of 576,510 tCO2e in emission reductions. This value is however inconsistent with the value that appears in the Key Project Information document (513,072 tCO2e). This projected carbon sequestration level isn't to be considered as the projects validated CO2 certificates, and rather is only considered projected GHG emission reductions over the project life. See associated findings under section 2.1 of this report and CAR 01/16.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Carbon Pools:

For the calculation of the parameters CO_2-Fixation, Baseline and Leakage, the following carbon pools shall be assessed:

Carbon Pools		**Includes**	**CO_2-Fixation**	**Baseline**	**Leakage**
Tree biomass	Aboveground	Stem, branches, bark	Yes	Yes	Yes
	Belowground	Tree roots	Yes	Yes	Yes
Non-tree biomass	Aboveground	Grass, herbs, etc.	No	Yes	No
	Belowground	Roots of grass, herbs, etc.	No	Yes	No
Soil		Organic material	No	No	No
Harvested wood (timber & energy wood)		Furniture, construction material, etc.	No	No	No
Litter & Lying dead-wood		Leaves, small fallen branches, lying dead wood	No	No	No

Standing dead-wood is part of the carbon pool 'tree biomass'.

Positive leakage as well as *market* leakage shall not be accounted for under this methodology.

Findings from Field Audit			
The project has correctly considered the tree biomass (aboveground and belowground) and non-tree biomass (aboveground and belowground) carbon pools as required by the GS. Review of the project's carbon quantification worksheets and interviews with the technical consultant responsible for the calculations revealed that carbon sequestration in soils was also taken into consideration when the standard indicates that this carbon pool is not to be assessed. See CAR 07/16.			
Conformance	Yes ☐	No ☒	N/A ☐
NCR/OBS	**CAR 07/16**		

5.4 Other Emissions

Site preparation

1. Where existing 'tree' and 'non-tree' biomass of the Baseline is burned for the purpose of land preparation, an additional 10% of the Baseline shall be deducted. This is to account for the non-CO_2 green-house-gas emissions (N_2O and CH_4) that are released during the burning process.

Fertilizer

0.005 tCO_2 per kg of nitrogen (N) fertilizer shall be deducted. No differentiation is made between synthetic and organic fertilizer.

Combustion of fossil fuel

2. Non-CO_2 green-house-gas emissions caused by the use of fossil fuel from project activities (flights, management operations, etc.) are insignificant and may therefore be neglected.

N-fixing trees

3. Non-CO_2 green-house-gas emissions caused by the use of N-fixing species may be conservatively assumed to be zero.

Findings from Field Audit			
It is clear that the project has taken into consideration potential other emissions associated with the project and project documentation pertaining to quantification of other emissions was provided. Site Preparation: This emission source is deemed to be not-relevant to the project as there is no burning of any biomass in the planting area prior to tree planting. Trees are planted within a pre-existing agricultural setting, and on-site observations as well as stakeholder interviews supported the assertion that no burning or other site preparation takes place prior to tree planting. Fertilizer: The project states that there is no current use of nitrogen based fertilizer which was confirmed by the auditors in the field. The project does acknowledge that there is the possibility that compost could be used as a fertilizer in the future, but that this will need to be taken into consideration annually and there is currently no usage of composting on the projects planted trees. This was also supported throughout the field audit. The project will however need to account for emissions associated with fertilizer use in the future if it is indeed applied. See OBS 03/16. Combustion of Fossil Fuel: This emissions source is missing from the Other Emissions documentation. Further, during interviews with the projects technical consultant responsible for carbon quantifications, and review of the main carbon quantification worksheets, it became clear that the project did in fact take efforts to determine the amount of emissions associated with the combustion of fossil fuel used by the project – based on fuel purchase records. While this amount is small, considered materially insignificant, and may be neglected based on the GS requirements, the emissions from fossil fuels have in fact been calculated and therefore the project should consider included this emission source in the project's overall calculation of CO2 certificates. See OBS 04/16. N-Fixing Trees: In accordance with the GS, non CO2 GHG emissions caused by the use of N-fixing species may be conservatively assumed to be zero.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS 03/16, OBS 04/16		

5.5 Baseline

1. The Baseline shall be determined by estimating the ‘tree’ and ‘non-tree’ biomass that is present in the eligible planting area just prior to the planting start.

Findings from Field Audit			
The project asserts that as farmers will not be planting in already existing permanent cropland areas but rather only on short-term cropland and grassland areas, the existing biomass in the eligible planting area was considered as zero. This assertion is considered to be reasonable given how the project has determined the eligible planting area and was supported by on-site observations throughout the course of the field audit. To determine the eligible planting area within each Modeling Unit (MU) and for each planting year, spatial information for each tree planted for a particular year was overlaid on top of the project’s strata map and a 2.5 meter buffer was placed around each tree point location. This 2.5-meter buffer was intended to reflect the typical crown cover diameter for the tree species (S. Macrophylla). When trees were planted in clusters, the buffers overlap to provide a combined cumulative area. This approach is considered conservative and ensures that existing tree biomass does not need to be taken into consideration in baseline carbon stocks.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS			

2. To determine the Baseline of the eligible planting area the land shall be
   (a) stratified according to its vegetation types (grassland, bushland, etc.), AND
   (b) for each of these strata scientifically based ***project-specific***[1], regional or national ***default values*** shall be found which state ‘tree’ and ‘non-tree’ biomass of these vegetation types.

   International default values[2] from the IPCC shall only be used if no other values are available.

Findings from Field Audit
A land use classification exercise was carried out by the project to determine the baseline conditions of the eligible planting areas of the project. Based on Landsat data from the year 2000 Sourced from the Ministry of Agriculture of the Government of Timor Leste to determine areas of existing remnant forest cover and non-forested areas. Non-forested areas were stratified into two land use categories, including croplands and grasslands. Maps included with the project’s baseline documentation display the Baguia sub-district with forest and non-forest cover (figure 1), and the stratified land use which includes croplands, grasslands, forest lands, and water features. The auditors were given a web-based demonstration of the project’s land use analysis, which followed best practice, and was consistent with the information included in the baseline documentation. The land use classifications assigned were found to be appropriate and consistent with on-site observations throughout the field audit. The project asserts that there was no planting on “perennial” cropland systems, and therefore there is no baseline biomass from trees. This assertion is considered to be reasonable given how the project has determined the eligible planting area and was supported by on-site observations throughout the course of the field audit. To determine the eligible planting area within each Modeling Unit (MU) and for each planting year, spatial information for each tree planted for a particular year was overlaid on top of the project’s strata map and a 2.5 meter buffer was placed around each tree point location. This 2.5-meter buffer was intended to reflect the typical crown cover diameter for the tree species (S. Macrophylla). When trees were planted in clusters, the buffers overlap to provide a combined cumulative area. This approach is considered conservative and ensures that existing tree biomass does not need to be taken into consideration in baseline carbon stocks. The project also took into consideration the potential non-tree biomass present on the two MUs that have been defined by the project; Croplands and Grasslands. For the Cropland MU, the project assumes the non-tree biomass levels to be zero. For annual crops, harvesting occurs annually and the increase in biomass stocks is assumed to be equal to the losses from harvest and mortality in that same year. Therefore, there is not considered to be any long-term storage in biomass in the Cropland MU and baseline biomass for this MU is considered zero. This approach is consistent with IPCC Guidelines cited in the project documentation, and confirmed by auditor internet research. For the Grasslands MU, the project found that there was no project-specific data, and little in the way of national data for

aboveground biomass estimates of grasslands. A national aboveground biomass value of 3 tdm/ha for Timor Leste is cited from a World Bank study, and was compared to aboveground biomass estimates for grassland from other studies conducted from other countries within the same ecological zone (Indonesia & Philippines) and considered to be consistent with regional and international vales. The project also used the IPPC root-to-shoot default values for grasslands and took into account the percentage of the project area's grasslands that were identified as "tropical dry, and "tropical moist & wet" (35% & 65% respectively). Based on these comparisons, the values of which are presented in the baseline carbon stock calculation spreadsheet, the national data from Timor Leste was selected and resulted in 14.9 t CO2e/ha. The auditors found this selection to be acceptable, and representative of the local context of the project. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3. The Baseline shall be determined on a Modelling Unit (MU) level using the following formula:

Baseline $_{MU,t}$ [tCO2/ha]
= Baseline $_{\text{Eligible planting area}}$ [tCO2] / Eligible planting area [ha]

The Baseline is deducted in the first year (t=1).

Findings from Field Audit			
The projects carbon quantification worksheets were reviewed in detail by the auditors and the baseline carbon stocks have been correctly determined for each modeling unit for each planting year.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

4. The Baseline is not subject to monitoring.

Findings from Field Audit			
This GS requirement is deemed to be not applicable. Baseline carbon stocks will not be monitored as part of the project.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		

5.6 Leakage

Leakage are emissions that occur due to a *shift of activities* from the inside of a project area to the outside of a project area.

These *shifts of activities* can cause four different categories of Leakage by:

(a) collection of wood (for firewood, charcoal, etc.)
(b) timber harvesting
(c) agriculture (crop cultivation, shrimp cultivation, etc.)
(d) livestock.

These four categories are used in the formulas below.

Note that only the 'tree biomass' affected by these activity shifts shall be considered.

2. Leakage shall be determined on a Modelling Unit (MU) level using the following formula:

Leakage $_{MU,t}$ [tCO_2/ha]
= Leakage $_{Project\ area}$ [tCO_2] / Eligible planting area [ha]

Leakage is deducted in the first year (t=1).

Findings from Field Audit
The project asserts that there is no leakage under each of the four leakage categories outlined in the GS, and therefore has accounted for 0 tCO2e from leakage in the overall calculation of CO2 certificates. Findings regarding this determination for each leakage category are as follows. <u>Collection of Firewood:</u> The project asserts that they do not anticipate that collection of firewood will shift outside of the project area as the result of the project. The project's tree planting activities take place on degraded grassland and croplands, with no existing woody biomass. Therefore, tree planting on these areas is not expected to have any impact to the locations of and amounts of firewood collected by members of the community. The auditors concur that there is no leakage expected from this category. <u>Timber Harvesting:</u> The project asserts that they do not anticipate that any timber harvesting will shift outside of the project area as the result of the project. The project's tree planting activities take place on degraded grassland and croplands, with no existing woody biomass. Therefore, the project activities do not impact the amount of timber that is available from existing remnant forest patches within the project area. The project also points out that many of the houses within the project area are constructed from bamboo, palm, or concreate, not solely from timber, and that this is unlikely to change as a result of the project. The auditors concur that there is no leakage expected from this category. <u>Agriculture:</u> The project assets that the tree plantings and reforestation efforts of the project are not intended to displace existing crop areas and therefore it is not anticipated that there will be any shifting of agriculture activities outside of the project area. Tree plantings take place on degraded grasslands and croplands, to provide shade, as well as water and soil protection. Crops were observed to still be cultivated amongst some of the project's tree plantings, and farmers interviewed did not indicate any intension to shift agricultural activities outside of the project area. The auditors concur that there is no leakage expected from this category. Livestock: The project acknowledges that the farmers in Baguia extensively raise livestock, and that the majority of households raise some type of livestock as part of their subsistence farming activities. However, similar to the assertion made with regards to leakage from agriculture, the tree plantings are not intended to displace existing grazing areas but rather to prevent further degradation of these areas. Therefore, it is not anticipated that there will be any shifting of grazing activities outside of the

project area. The auditors concur that there is no leakage expected from this category.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

5.7 CO_2 Fixation

1. The yearly (t) CO2-Fixation is determined at the level of Modelling Unit (MU) during the crediting period.

Findings from Field Audit			
The projects carbon quantification worksheets were reviewed in detail by the auditors and were found to accurately calculate an annual CO2 fixation per species per MU, per year over the course of the project life.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

2. For every MU a growth-model and *conversion factors* (see chapter '5.2 Conversion Procedure') shall be determined.

Findings from Field Audit			
Growth models were developed for each of the tree species that will be planted by the project, and applied to each of the 2 MUs. To date, the project has only planted a single species (*Swietenia macrophylla*) which have been planted on both MUs (croplands & grasslands). As covered in other findings (section 5.2), appropriate conversion factors were confirmed to have been applied.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3. The *conversion factors* allow the conversion of the 'Stem volume', which is normally measured in cubic meters [m^3] during the *forest inventories*, to 'tree biomass' with the unit tCO_2. For the conversion the chapter '5.2 Conversion Procedure' shall be followed.

   The *conversion factors* are not subject to monitoring.

Findings from Field Audit			
The projects carbon quantification worksheets were reviewed in detail by the auditors, and the required conversion factors were applied appropriately in the growth model and CO2 fixation worksheets developed by the project.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

4. Existing 'tree biomass' from the carbon stock of the Baseline that is not removed shall be reflected in the growth-model.

Findings from Field Audit
The project asserts that as farmers will not be planting in already existing permanent cropland areas but rather only on short-term cropland and grassland areas, the existing biomass in the eligible planting area was considered as zero. This assertion is considered to be reasonable given how the project has determined the eligible planting area and was supported by on-site

observations throughout the course of the field audit. To determine the eligible planting area within each Modeling Unit (MU) and for each planting year, spatial information for each tree planted for a particular year was overlaid on top of the project's strata map and a 2.5 meter buffer was placed around each tree point location. This 2.5-meter buffer was intended to reflect the typical crown cover diameter for the tree species (S. Macrophylla). When trees were planted in clusters, the buffers overlap to provide a combined cumulative area. This approach is considered conservative and ensures that existing tree biomass does not need to be taken into consideration in baseline carbon stocks. Conformance has been demonstrated.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

5. A realistic survival-rate shall be reflected in the growth-model.

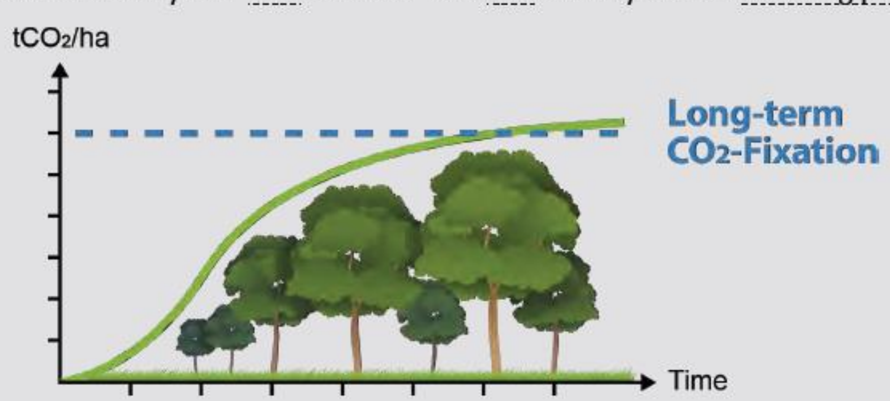
Findings from Field Audit			
The project documentation describes how a project specific survival rate was not reflected in the growth model, but rather survival rates were taken from actual on-site planting records of the number of trees per species in each MU. Records of the number of trees for each farmer planted each year for 2010 – 2015, plus a record of the number of trees that died, survived and what was remained were provided. The number of trees remaining were the values entered into the planting schedule for the CO2 Fixation and CO2 Certificate worksheet calculations. By utilizing actual data from planting records on the number of tree species in each MU per year, the growth model reflects actual survival and the most accurate data possible. The project still however, describes actual survival which varied from 59 – 93% from 2012 – 2014, reflecting an average project survival rating of about 73%. Survival of other tree species that the project intends to plant in the future have not yet been determined.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

6. The *long-term CO_2-Fixation* shall be determined depending on the *silvicultural method* applied / envisioned (see options below).

Option 1 - Selective harvesting or Conservation forest

If the silvicultural method applied/envisioned is *selective harvesting*[1] or *conservation forest*[2], the *long-term CO_2-fixation* is determined by the 'tree biomass' when a MU reaches its equilibrium.

If the 'tree biomass' is still increasing at the end of the crediting period, the *long-term CO_2-Fixation* is determined by the 'tree biomass' of a MU in the year the crediting period ends.



Findings from Field Audit
The project has projected the long term CO2 fixation according to Option 1 – Conservation Forest following required methods. This is the appropriate option for the estimation of long-term CO2 fixation levels, as there is to be no harvesting of project trees over the project lifetime. The growth models for the species planted by the project, are considered appropriate and justified with

supporting literature referenced. Long-term CO_2 fixation estimates over the life of the project are presented in the project's carbon quantification worksheets that were reviewed in detail by the auditors.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

6. Carbon Performance

1. At any time during a crediting period, the project owner shall ensure that the quantity of the *validated* and *verified* CO_2-certificates with respect to the project is less than or equal to the project's expected carbon stocks (*validated* CO_2-certificates) and actual carbon stocks (*verified* CO_2-certificates).

2. Incidents, or events, that effect compliance with requirement 1 shall be reported to The Gold Standard Secretariat. If they occur outside a certification process, the incidents or events shall be reported to The Gold Standard Secretariat no more than 30 days after their discovery. The template 'Carbon Performance' shall be used for this reporting.

3. If compliance with requirement 1 is not maintained, the project owner shall demonstrate to The Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 1.
The project owner shall use one or more of the following approaches:
(a) retiring/locking of CO_2-certificates from the project which are not yet transferred or retired/locked
(b) purchasing of CO_2-certificates from any other Gold Standard certified projects (these can also be from other project types such as renewable energy)
(c) replanting of an appropriate planting area and recovery of the project carbon stocks over time
(d) planting of new areas to generate further CO_2-certificates

During the period where the project owner is not in compliance with requirement 1, an equal number of CO_2-certificates from The *Gold Standard Compliance Buffer* will be put 'on-hold'.

4. Further CO_2-certificates shall only be issued for the project after the project owner has complied with requirement 1.

If the project owner after 5 years cannot demonstrate that compliance with requirement 1 will occur, the project owner shall follow the Non-Compliance (NC) process as outlined in section '8. Non-Compliance'.

Findings from Field Audit			
The GS Carbon Performance requirements are not applicable for initial certification audits. It is expected the project will undergo a performance certification within five years as required by the GS program, and it was clear to the auditor that the project owner, and local project staff are committed to seeing the project succeed for the full life of the project.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		